

2025-2026 Mid-Biennium Budget Modifications

October 7, 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
- Mid Biennium Budget Modifications
 - Summary
 - Proposal Review
 - Calendar of Key Dates

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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
 - Federal Government shut down
 - Independence of the Federal Reserve in question
 - 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

General Fund Revenue Jan-Aug 2025			
Revenue Type	Budget	Actual	Variance
Business Tax	(50,534,897)	(49,730,787)	(804,110)
Property Tax	(39,264,050)	(39,358,448)	94,398
Sales Tax	(48,018,341)	(46,885,119)	(1,133,222)
Utility Tax	(41,009,431)	(40,726,316)	(283,115)
Charges for Services	(1,914,704)	(1,942,836)	28,132
Fines & Forfeits	(613,216)	(680,668)	67,453
Indirect Costs	-	(136,364)	136,364
Intergovernmental Revenues	(11,795,103)	(11,611,043)	(184,060)
Licenses & Permits	(17,463,266)	(20,238,121)	2,774,855
Miscellaneous Revenues	(3,037,915)	(4,396,348)	1,358,432
Other Taxes	(1,883,113)	(1,934,688)	51,575
Grand Total	(215,534,036)	(217,640,738)	2,106,702

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General Fund 2025 Year-to-Date Expenditures

General Fund Expenditures Jan -Aug 2025			
Dept	Budget	Actual	Variance
City Attorney's Office	2,086,101	2,002,213	83,888
City Manager's Office	2,101,484	1,721,415	380,069
Community & Economic Development	4,278,340	3,401,069	877,271
Finance	4,914,745	4,591,691	323,055
Fire	55,032,447	56,211,528	(1,179,081)
Information Technology	4,035	(26,604)	30,639
Library	13,462,444	11,537,597	1,924,847
Municipal Court	2,944,280	2,816,153	128,127
Neighborhood & Community Service	12,234,467	9,625,126	2,609,340
Non-Departmental	33,610,248	34,106,898	(496,650)
Planning & Development Services	1,796,537	1,372,896	423,642
Police	86,247,322	86,202,439	44,883
Public Works	1,217,207	1,174,264	42,944
Expenditure Total	219,929,656	214,736,684	5,192,972

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

- Revenues (over-all) are slightly over projections
 - However, the three of the City's main four revenue sources are still below projections (Sales Tax, B&O Tax, Utility Taxes), Property Tax is right on projection
- Expenditures are slightly under-budget
- Overall, at this point in the biennium, the City's budget is hovering approximately where it was projected to be

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Proposed Mid-Biennial Budget Modifications – Summary

	General Fund			Other Funds			All Funds		
	One-time	Ongoing	Total	One-time	Ongoing	Total	One-time	Ongoing	Total
Additions	16,616,372	4,154,733	20,771,105	15,044,286	5,307,397	20,351,683	31,660,658	9,462,130	41,122,788
Reductions	(2,261,031)	(949,813)	(3,210,844)	(2,432,676)	(373,022)	(2,805,698)	(4,693,707)	(1,322,835)	(6,016,542)
Total	14,355,341	3,204,920	17,560,261	12,611,610	4,934,375	17,545,985	26,966,951	8,139,295	35,106,246
Grants/Revenues	-	-	-	32,025,759	5,729,564	37,755,323	32,025,759	5,729,564	37,755,323

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Proposed Mid-Biennial Budget Modifications – Public Safety

Department	Type	Short Title	General Fund	Other Funds	Grand Total
Fire	Reductions	Vacant Positions - Holistic Outreach Promoting Engagement (HOPE) Program	(655,696)	-	(655,696)
	Additions	Correct Emergency Management Program Budget		191,803	191,803
		Correct Tacoma Fire Fleet Budget	1,477,694	1,126,133	2,603,827
		Increase Fire Overtime for Minimum Staffing Coverage	2,000,000		2,000,000
		Purchase two Fire Engines	1,250,000	750,000	2,000,000
		Fire Total	4,071,998	2,067,936	6,139,934
Police	Reductions	Reduce Police Administrative Service Level	(180,044)		(180,044)
		Reduce Police Crime Analysis Service Level	(120,683)		(120,683)
		Reduce Police Forensics Crime Scene Operations Service Level	(163,573)		(163,573)
	Additions	Add Non-Commissioned Position to Manage Police Policy and Practices	152,605		152,605
		Add In-State Commissioned Peace Officer Lateral Incentive Program	1,169,900	233,100	1,403,000
		Correct Police Small Grant Budget to Reflect Grants/Reimbursements		390,930	390,930
		Increase Police Overtime Budget to Maintain Operations	1,280,000		1,280,000
		Maintain Less-Lethal Police Equipment (Tasers)	432,389		432,389
		Maintain Police Technology and Accountability Systems	1,172,683		1,172,683
		Police Total	3,743,277	624,030	4,367,307

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Proposed Mid-Biennial Budget Modifications - Other General Fund

Department	Type	Short Title	General Fund	Other Funds	Grand Total
	Additions	Increase Department of Assigned Counsel (DAC) - increased caseloads	393,504		393,504
		DAC Total	393,504		393,504
Office of Management & Budget	Additions	Adjust Health Care Rate	550,000	1,700,000	2,250,000
		Adjust labor cost projection for three positions		29,661	29,661
		Adjust Third Party Liability Fund	8,000,000		8,000,000
		Adjust Workers' Compensation Fund	2,800,000	300,000	3,100,000
		OMB Total	11,350,000	2,029,661	13,379,661

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Proposed Mid-Biennial Budget Modifications

Department	Type	Short Title	General Fund	Other Funds	Grand Total
City Manager's Office	Reductions	Achieve Operational Efficiencies Through Office Realignment	(10,000)	(80,012)	(90,012)
		Hold positions vacant for 2025-2026 biennium		(231,309)	(231,309)
	Additions	Correct City Manager Office Budget	87,530	193,833	281,363
		Maintain Current Communications Service Levels Provided by External Contractors		52,000	52,000
		City Manager's Office Total	77,530	(65,488)	12,042
Community & Economic Dev.	Reductions	Reduce Services, Training, and Travel for Workforce Development	(18,231)		(18,231)
		Reduce Advertising and Professional Services for Tacoma Training and Employment Program (TTEP)		(30,000)	(30,000)
		Reduce funding that supports regional economic development involvement	(60,000)		(60,000)
		Reduce funding used for business attraction and retention	(30,000)		(30,000)
		Reduce funding used to market Tacoma to potential businesses	(3,000)		(3,000)
		Reduce Housing Navigator Program Funding	(22,500)		(22,500)
		Reduce Local Employment Services Apprenticeship Professional Program (LEAP)		(20,775)	(20,775)
		Reduce Public Art Maintenance budget	(33,000)		(33,000)
		Reduce Sister Cities funding in CEDD due to move to Mayor's Office	(84,117)		(84,117)
		Reduce Tacoma Arts Month budget	(10,000)		(10,000)
		Reduce Travel and Professional Services for Equity in Contracting (EIC)		(25,429)	(25,429)
	Additions	Replace Financial Assistant with Housing Specialist Position	4,800		4,800
		CED Total	(256,048)	(76,204)	(332,252)

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Proposed Mid-Biennial Budget Modifications

Department	Type	Short Title	General Fund	Other Funds	Grand Total
Finance	Reductions	Reduce Customer Service Software Maintenance	(100,000)		(100,000)
		Transfer unclaimed Property Recovery funds to General Fund	(700,000)		(700,000)
		Increase Finance vacancy savings target	(140,000)	(200,000)	(340,000)
		Finance Total	(940,000)	(200,000)	(1,140,000)
Neighborhood & Community Service	Reductions	Reduce Contract Services Budget	(640,000)		(640,000)
		NCS Total	(640,000)		(640,000)
Planning & Development Services	Reductions	Increase PDS vacancy savings target	(100,000)	(750,000)	(850,000)
		DADU Pre-Approved Plan Expansion: 6-Unit IRC Townhouse		200,000	200,000
	Additions				
		PDS Total	(100,000)	(550,000)	(650,000)
Public Works	Reductions	Increase Public Works vacancy savings target	(140,000)	(690,000)	(830,000)
		Budget for changes in capital project funding, including new grant revenues		-	-
	Additions	Budget Local 483 Contract Increase - Signal/Streetlight Electricians		1,100,000	1,100,000
		Public Works Total	(140,000)	410,000	270,000

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Proposed Mid-Biennial Budget Modifications

Department	Type	Short Title	General Fund	Other Funds	Grand Total
City Attorney's Office	Additions	Add Deputy City Attorney to Environmental Services Department		384,000	384,000
		Enhance City Prosecution and Police Legal Advisor services		384,000	384,000
		Enhance staffing in the Clerk's Office		237,600	237,600
		Enhance TPU Litigation Resources		384,000	384,000
		Enhance TPU Legal Advice Resources		384,000	384,000
		City Attorney's Office Total		1,773,600	1,773,600
Environmental Services	Additions	Adjust Contribution to 1% for the Arts Program		259,073	259,073
		Complete Tree Planting in South Tacoma Neighborhood		60,000	60,000
		Complete Watershed Modeling to Assess Impacts of Densification		1,000,000	1,000,000
		Consolidate Urban Forestry Staffing for Efficiency		17,831	17,831
		Develop Wastewater Facilities Plan		5,000,000	5,000,000
		Enhance and Expand Tidy-Up Tacoma Public Litter Can Program		627,000	627,000
		Establish Permanent Staff Support for GIS		-	-
		Expand Legal Services Support to Address New Challenges		3,565,000	3,565,000
		Install Electric Fencing Around Central Treatment Plant		192,500	192,500
		Pilot Private Graffiti Mitigation program, directed by Business Engagement Solutions Team (BEST)		100,000	100,000
		Transition to Direct Consultant Payments for Gas Utilization Facility (GUF)		-	-
		ES Total		10,821,404	10,821,404
Human Resources	Reductions	Reduce Learning & Development Vendor Training and Increase Tuition Reimbursement		(70,000)	(70,000)
		HR Total		(70,000)	(70,000)
Information Technology	Reductions	Reduce Professional Services from Business Automation Division		(99,000)	(99,000)
		Reduce Software and Supplies budget from Technology Operations Division		(377,523)	(377,523)
		Reduce Software licensing and contingency funding from Decision Support Division		(103,450)	(103,450)
		Reduce Training and Temporary Labor budget from CIO Office		(128,200)	(128,200)
		Procure Radios that have reached End of Support		1,489,219	1,489,219
		IT Total		781,046	781,046

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Proposed Mid-Biennial Budget Modifications -Grants

Department	Title	General Fund	Other Funds	Grand Total
Environmental Services	Acceptance of Funding to Investigate Filtration Methodologies		195,481	195,481
	Acceptance of Funding for Puyallup Avenue Sewer Utility Replacement Project		999,100	999,100
Municipal Court	Budget Therapeutic Court Grant		331,485	331,485
Neighborhood & Community Services	Revenue for WA Department of Commerce Shelter Grant (\$4.5M)		4,500,000	4,500,000
	Revenue for WA Health Care Association (HCA) Street Medicine Grant (\$895k)		895,000	895,000
	Revenue for Washington State Department of Transportation encampment cleanup contract (\$333,750)		333,750	333,750
Public Works	Budget State direct appropriation for South Tacoma Fire Station pre-construction phase.		2,000,000	2,000,000
	Budget State grant funding for TPD Headquarters Decarbonization project.		1,542,000	1,542,000
	Budget Transportation Benefit District Program (1/10th of 1% Sales Tax)		744,435	744,435
	Capital Project Modification Forms		20,484,508	20,484,508
Public Works	Budget Transportation Benefit District Program (1/10th of 1% Sales Tax)		5,729,564	5,729,564
Grants/Revenues Total		-	37,755,323	37,755,323

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Mid Biennium Modification - Key Dates

Key Mid Biennium Modification Actions & Dates	
Department Budget Staff work on Mid-Mod Proposals	<i>August - Early Sept (Done)</i>
OMB Review of Department Mid-Mod Proposals	<i>Early - Mid Sept (Done)</i>
City Manager Review of Mid-Mod Proposals	<i>Mid - Late Sept (Done)</i>
City Council Study Session - Mid Mod Proposal Review	Tuesday October 7 (today)
City Council Study Session - Mid Mod Proposal Review	Tuesday October 14 (if needed)
Public Hearing & 1st Reading	Tuesday October 21
2nd Reading/Adoption of Mid-Biennial Budget Modification	Tuesday October 28

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