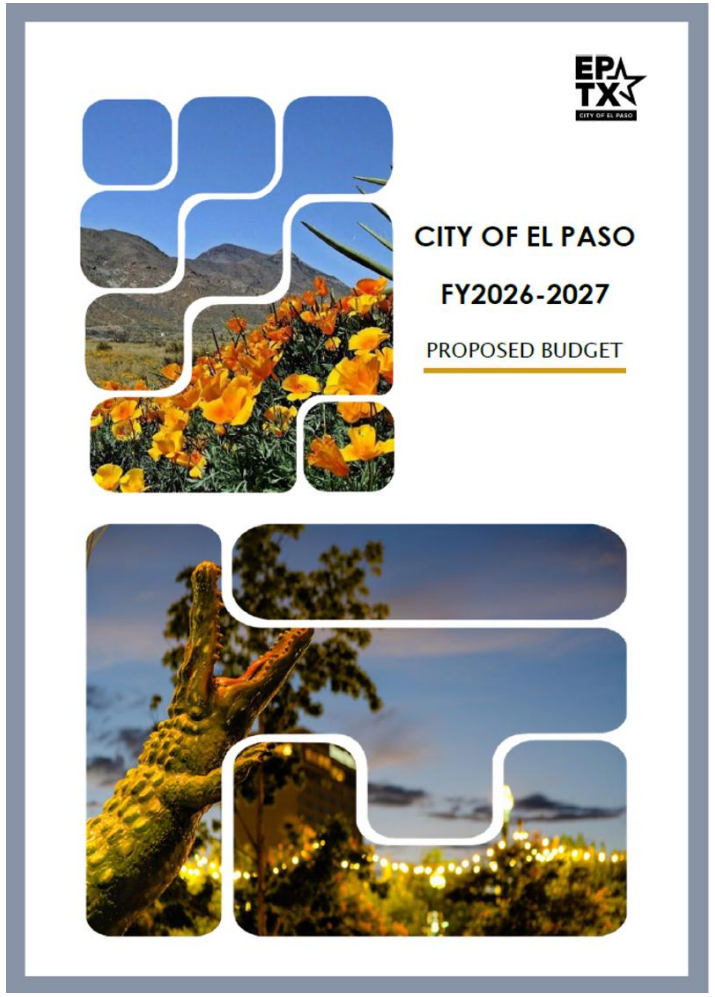
EP TX

CITY OF EL PASO

Presentation, discussion and action on the FY 2027 Proposed Budget

Agenda



1. Recap - FY 2027 Budget Timeline, Development, Highlights
2. FY 2027 Revised Proposed Budget
3. FY 2027 Recommended Tax Rate
4. Requested Council Action

Budget Timeline

May 27 & 28
Budget Workshops
(1st Round)

June 23
Budget Workshops
(2nd Round)

July 6
FY2027 Schedule C Fee Changes

July 24
Receive Appraisal Values

August 17
Public Hearing on Tax Rate

August 18
Budget Adoption

May	June	July	August

June 1-11
Community Meetings

July 17
Proposed Budget Filed

August 4
Introduce Tax Levy/Rate Ordinance

Requested Council Action

That the Proposed Budget, as amended, for the City of El Paso, filed by the City Manager with the City Clerk on July 17, 2026 is hereby approved and adopted by the City Council as the Annual Budget for the Fiscal Year 2027, which begins on September 1, 2026 and ends on August 31, 2027.

Public Hearing on the FY 2027 Proposed Budget

- Proposed Budget was filed on July 17, 2026 and posted on the City's website in accordance with Section 102.005 of the Texas Local Government Code
- On August 6, 2026, in the El Paso Times and El Paso Diario, in accordance with the City Charter and Section 102.0065(a) of the Texas Local Government Code, the City published notice of public hearing regarding the FY2026 Budget adoption

FY 2027 Key Challenges

- Budget increase driven primarily by:
  - Loss of taxable value from State action
  - Need to sustain ongoing City operations and obligations
- Increasing Costs
  - Public Safety
  - Fixed costs and contractual obligations
  - Debt service for voter-approved bond projects
- Loss of Revenue
  - Unfunded State mandates (property tax exemptions)
  - No use of fund balance or one-time revenue
  - Expiring American Rescue Plan Act (ARPA) federal funding

FY 2027 Budget Development

Efficiencies and Adjustments

The tax rate discussion is occurring after the City has already

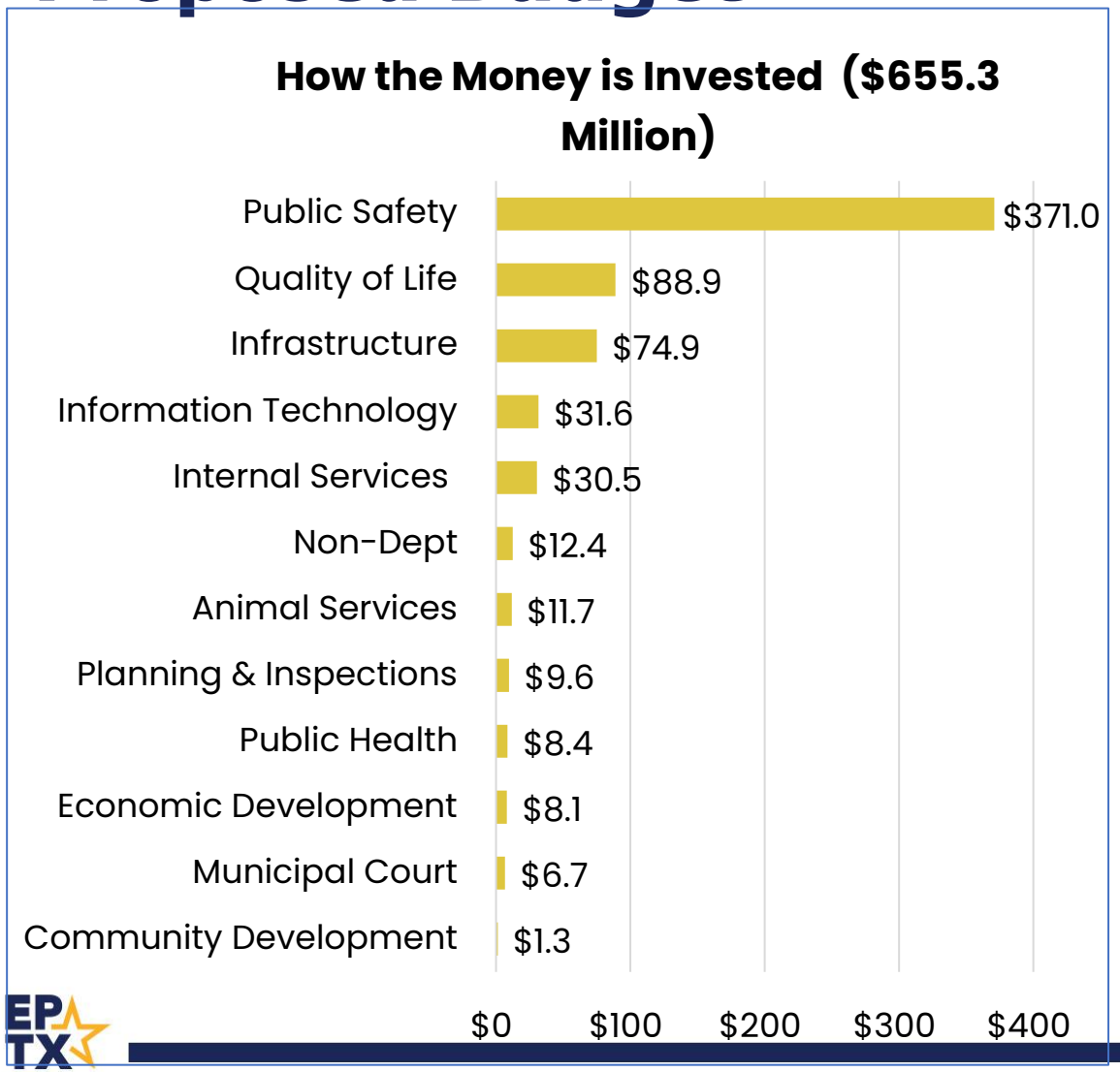
Identified almost $30 million in recurring savings:

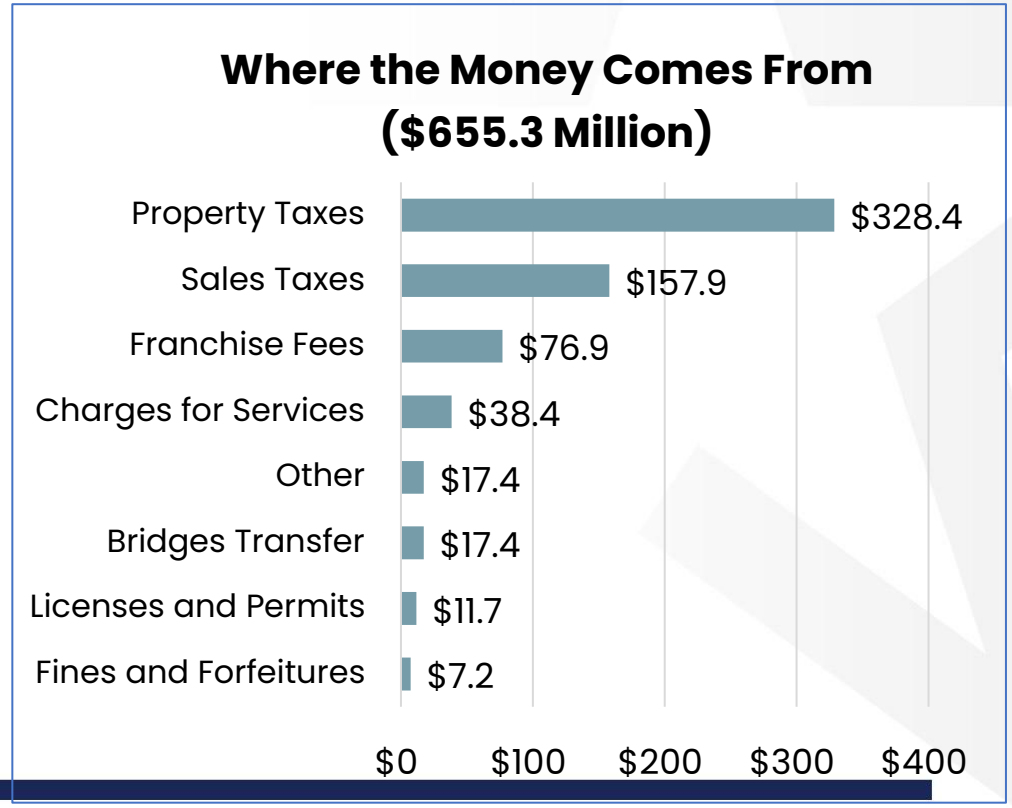
- Vacancies
  - 75% of vacant positions unfunded or will be deleted
- Debt Service
  - $2 million in savings from recent refinancing (total of $17 million between FY 2027-2042)
- Departmental Budgets
  - Comprehensive reviews of expenditures and operational needs
  - $18.7 million in unfunded departmental program requests

Importance of a Financially Sustainable Budget

- The appropriate tax rate has to reflect the financial conditions facing the City in the year the decision is made
- One-time adjustments (use of fund balance, deferring necessary investments) is not sustainable and worsens future structural imbalance)
- Reducing revenue base, while entering new mulit-year collective bargaining agreements, adds to future structural gaps

FY 2027 General Fund Proposed Budget





Property Tax Relief - State and Local Tax Exemptions

	FY 2026	FY 2027	$ Variance
Bus. Personal Property	-	6,779,391	6,779,391
Disabled Veteran	21,555,551	26,661,730	5,106,179
Over 65/Disabled	18,294,441	19,679,475	1,385,034
Homestead	4,957,971	5,237,351	279,380
Total	**$44,807,963**	**$58,357,947**	**$13,549,983**

Fire Collective Bargaining Current Status

- Most Recent Meeting – 7/23/2026
- Contract period will cover FY 2027 - 2030
- City's most recent proposal was $43M increase over 4-year contract
  - Year 1 – FY 2027 – The increase is $7.7M
  - Years 2 – 4 (FY 2028 – FY 2030) - Average increase of $11.7M each year
- Union has submitted a counterproposal that is being reviewed

Recap on Recent Action

- Certified property values received on July 24, 2026
    - Impact on Debt Service, TIF's, and General Fund
- Council introduced a tax of 0.809487, which results in:
    - Tax rate increase of 0.49838 cents per $100 valuation
    - $132 annual increase on the average single family home
    - Generates $9,670,698 million more than Proposed Budget:
        - $700,000 for Street and Park light program
        - $1,000,000 for fleet replacement (Animal Services)
        - $78,000 for additional public spay/neuter services (Animal Services)
        - $7,892,698 million for contingency (ex. collective bargaining, fund balance, other Council priorities) - any use of these funds would require City Council approval

FY 2027 Budget by Fund Category

Fund Category	FY 2026 Adopted	FY 2027 Proposed	FY 2027 Revised Proposed	$ Variance	Variance Explanations
GENERAL FUND	625,691,692	655,320,318	664,991,016	39,299,324	Salaries, Staffing, Contracts, Utilities
SPECIAL REVENUE	171,141,197	158,522,136	160,176,559	-10,964,638	Police, Econ. Dev., Health, Destination El Paso
INTERNAL SERVICE	99,538,818	104,070,092	104,070,092	4,531,274	Self Insurance Fund and Internal Service Fund
CDBG	13,360,121	13,356,624	13,356,624	-3,497	Federal Community Dev. Block Grant
CAPITAL PROJECTS	24,279,870	25,733,876	25,733,876	1,454,006	HOT Capital, Pay-Go
ENTERPRISE	330,531,171	326,996,073	326,996,073	-3,535,098	ESD, Aviation, Sun Metro, Bridges
DEBT SERVICE	117,904,539	122,917,018	120,939,420	3,034,881	Estimated principal and interest for FY2027
ALL FUNDS	**1,382,447,408**	**1,406,916,136**	**1,416,263,660**	**33,816,252**	

Budget Highlights

GOOD GOVERNANCE PILLAR:
Leadership that is responsive + reliable

Identify and implement sustainable fiscal opportunities to support community priorities

- Alignment with recently **adopted Strategic Plan** ensures intentional focus on key community priorities
- Implementing **Program Based Budgeting** enhances transparency of all programs and services provided
- Reinforcing **long-term financial sustainability** ensures structural balance, operational efficiency, and responsible financial planning practices

Creating clear, accessible communication pathways for community input and engagement

- $1.5M for November elections
- Enhance resident-and business-facing digital communication and transparency by improving access to information, EP311 service request visibility, and updates on city initiatives

Budget Highlights

ECONOMIC MOBILITY PILLAR:
Opportunity & prosperity that reflects El Paso

Activating workforce pathways toward livable wages

City of El Paso as employer

- $3.2M in regular adjustments to wages tied to the cost of living and additional certifications
  - $0.50 increase in minimum wage (from $15.75 to **$16.25**), or at least 2.5% effective September 20, 2026
- No increase to employee (non-uniform) healthcare contribution (9th consecutive year)

Budget Highlights

PUBLIC SAFETY PILLAR:
Protection and visibility are a baseline responsibility

Recruiting and retaining first responders

- Wage and benefits increases according to Collective Bargaining Agreements
- $9.4M public safety (Police and Fire) vehicles and equipment replacement
- Planned 3 academies with 90 graduates for Police Department
- Planned 2 academies (one graduating in FY2027) with 45 graduates for Fire Department
- Transferring 18 police department positions and 19 Firefighters from non-general fund to general fund
- $2.5M for Crisis Intervention Team and Public Safety P-25 Radio System agreements

Tax Relief

- Community-Oriented Policing Services (COPS) grant provides $2.25M funding for 18 officers over three years
- SAFER (Staffing for Adequate Fire and Emergency Response) grant provides $2.6M funding over a three-year period

Budget Highlights

INFRASTRUCTURE PILLAR:
People, places, and daily life that feels connected

Expanding street maintenance and roadway improvements

- $10M for street maintenance
- $4.9M citywide facility maintenance and improvements
- $2.1M for street related heavy equipment vehicle replacement
- $1.5M citywide vehicle replacement

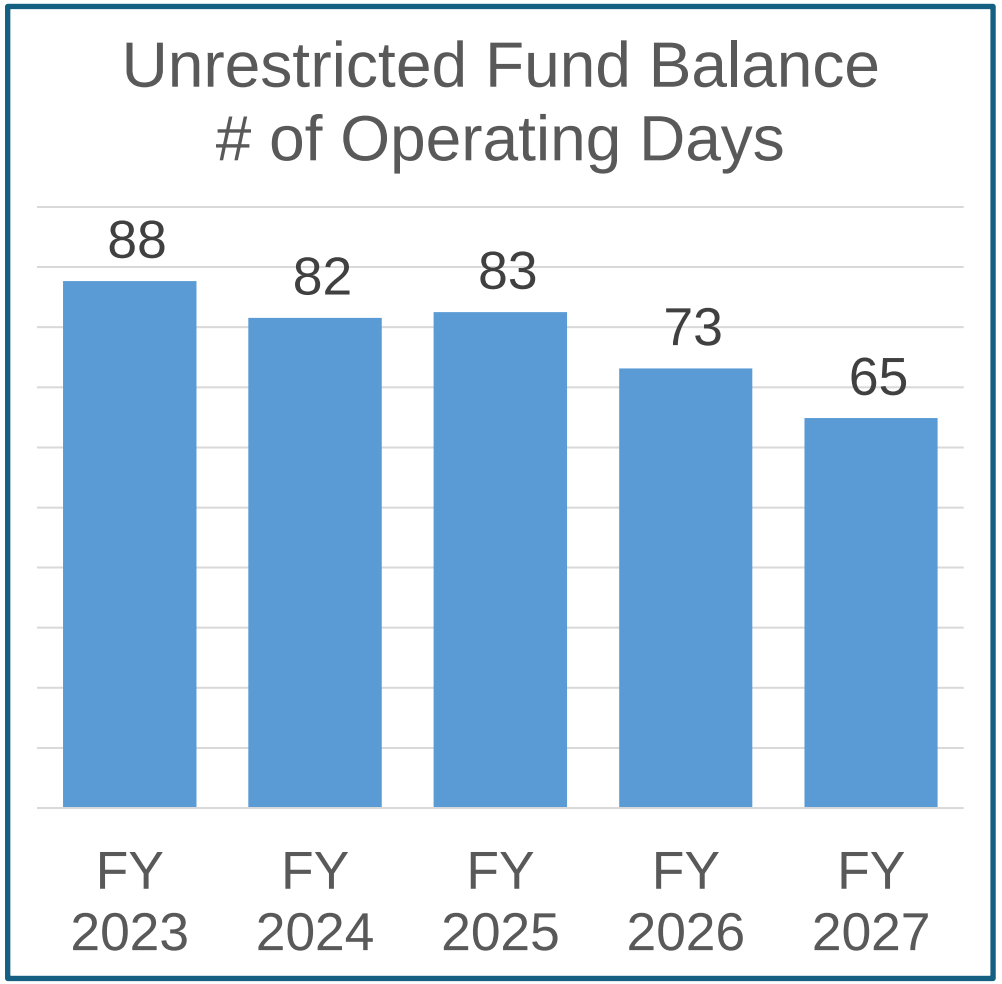
Budget Highlights

QUALITY OF LIFE PILLAR:
A city that is both livable and enjoyable

Enhance environments that make daily life livable and enjoyable through welcoming spaces

- $1.5M for Parks & Recreation related amenity replacement and improvements
- $1.5M increase in Animal Services operational costs
- $920K for vehicles and heavy equipment for Eastside Sports Complex maintenance *(Funding from Public Improvement District)*

Fund Balance



- FY 2027 decrease from FY 2026 due to litigation settlement and increase in daily operating cost
- FY 2027 includes no budgeted use of fund balance for the first time in the last three years
- The City's target, and best practice, is 60 operating days

Debt Service

- The City did not issue debt between FY 2024-2026
- FY 2027 budget includes
    - $70 million that was issued for voter-approved Community Progress Bond
    - Required debt service is increasing from $116.5 million to $120.8 million, or a $4.3 million increase
- $402 million remaining in voter approved debt (2019 Public Safety and 2022 Community Progress) to be issued over next several years

Property Tax Rate

	O & M	Debt	Total
FY 2026 Adopted	0.549469	0.210180	0.759649
FY 2027 Introduced (0804/2026)	0.596011	0.213476	0.809487
FY 2026 Adopted/FY 2027 Introduced Variance	0.046542	0.003296	0.049838

* Based on certified values received on July 24, 2026

Average Homeowner Impact

	# Exemptions	Annual Impact	Monthly Impact
Homestead	141,783	$132	$11
Over 65/Disabled	58,918	$110	$9
Avg. Disabled Veteran*	28,492	$5	$0.42

Breakdown of Local Property Taxes

Visit https://Texas.gov/propertytaxes to find a link to your local property tax database on which you can easily access information regarding your property taxes, including information about proposed tax rates and scheduled public hearings of each entity that taxes your property.

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MISSION

Deliver exceptional services to support a high quality of life and place for our community.

VISION

Develop a vibrant regional economy, safe and beautiful neighborhoods and exceptional recreational, cultural and educational opportunities powered by a high performing government.

VALUES

Integrity, Respect, Excellence, Accountability, People

MISIÓN

Brindar servicios excepcionales para respaldar una vida y un lugar de alta calidad para nuestra comunidad

VISIÓN

Desarrollar una economía regional vibrante, vecindarios seguros y hermosos y oportunidades recreativas, culturales y educativas excepcionales impulsadas por un gobierno de alto desempeño

VALORES

Integridad, **R**espeto, **E**xcelencia, **R**esponsabilidad, **P**ersonas