



# BUDGET UPDATE

*[APRIL 30, 2019]*

**20** IN  
2020 | POWER IN THE VISION



## MISSION

Deliver outstanding service to support a high quality life for residents, businesses and visitors.

## VISION

El Paso will have safe and beautiful neighborhoods, a vibrant regional economy and exceptional recreational, cultural and educational opportunities

## VALUES

Integrity  
Respect  
Excellence  
Accountability  
People

# Integrated Budget Process



# FY 2020 Budget Process

## Key Dates

- April 30 – Last day for Chime-In and Council requests
- May – Requested budgets reviewed by City Manager
- June 10 – 14 Council one-on-one budget briefings
- July 8 – 12 Goal Team budget presentations
- July 25 – Receive certified property valuations
- July 29 – Special City Council meeting (introduce tax rate)

# FY 2020 Budget Process

## Key Dates

- August 6 – 1<sup>st</sup> public hearing on the tax rate
- August 13 – 2<sup>nd</sup> public hearing on the tax rate and budget public hearing
- August 20 – City Council adopts FY 2020 budget and tax rate



THE CITY BUDGET PROVIDES  
SERVICES, AMENITIES,  
& ENTERTAINMENT

The logo for CHIMEIN, featuring a blue speech bubble icon with three dots inside, followed by the word "CHIMEIN" in a bold, sans-serif font. The "C" and "H" are blue, while "I", "M", "E", and "N" are green.

TELL US WHAT YOU WANT  
TO SEE IN THE BUDGET!



Take the survey at  
[elpasotexas.gov/omb/chime-in](https://elpasotexas.gov/omb/chime-in)

**CLOSES TODAY – APRIL 30<sup>TH</sup>**

# Outline

- Savings and efficiencies – correlation why its only been 4 cents – would have been more
- State and federal impacts
  - Bridges
  - Telecommunications – FCC and State
  - Red light cameras
- Core, needs, and wants
- Budget reductions

# Savings and Efficiencies

## (\$64.1 million since 2014)

- \$30 million saved from refinancing existing debt
- \$13 million increase in General Fund reserves
- \$8 million deficit eliminated in 2014
- \$6.4 million in LSS savings and efficiencies
- \$3.4 million in organization alignments
- \$3.3 million from redesign of healthcare plan

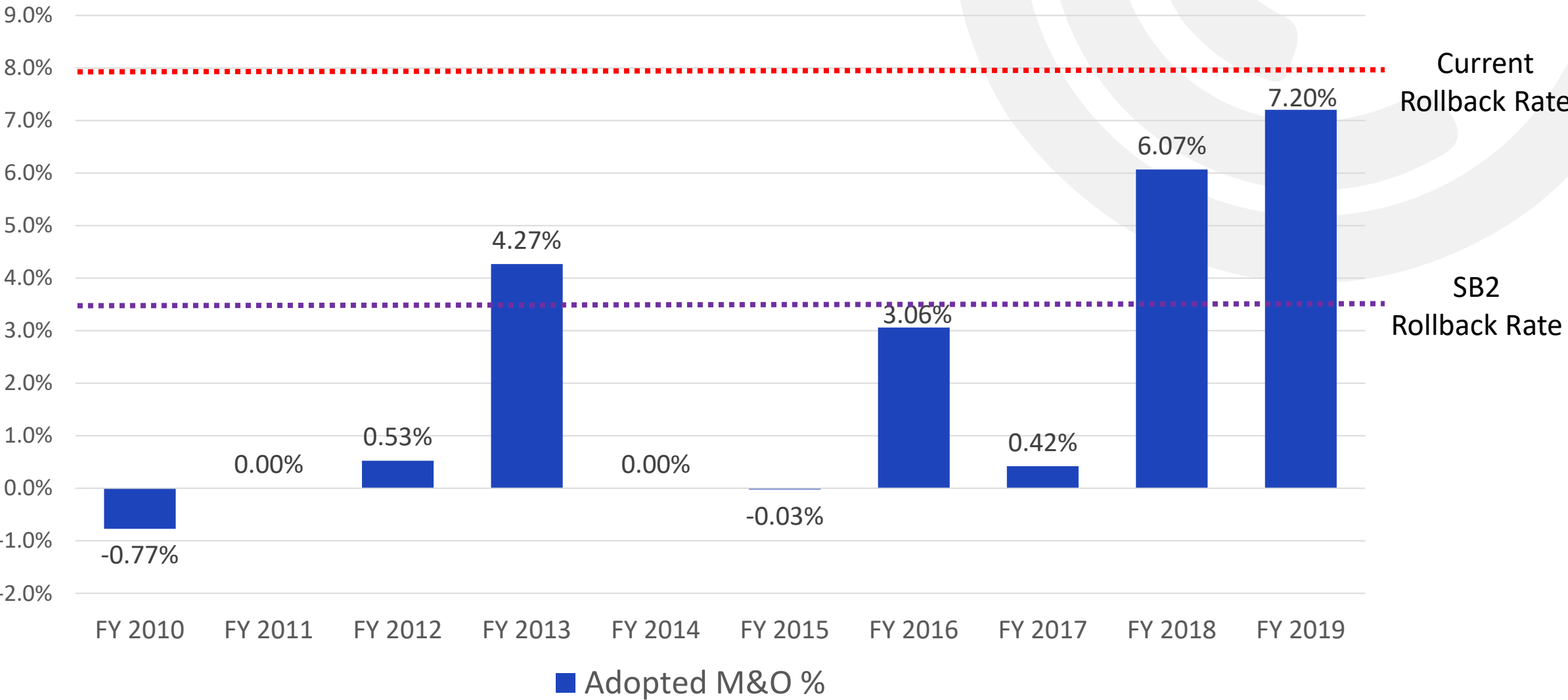
# New Revenue Sources (\$69 million since 2014)

- \$32 million in state funding for bridge projects
- \$19 million in investment interest revenue over last three years
- \$7 million annually for street projects
- \$5.5 million annually for economic development
- \$3.2 million annually for fire trucks and ambulances
- \$2.3+ million collected in delinquent hotel occupancy taxes

# Federal and State Impacts

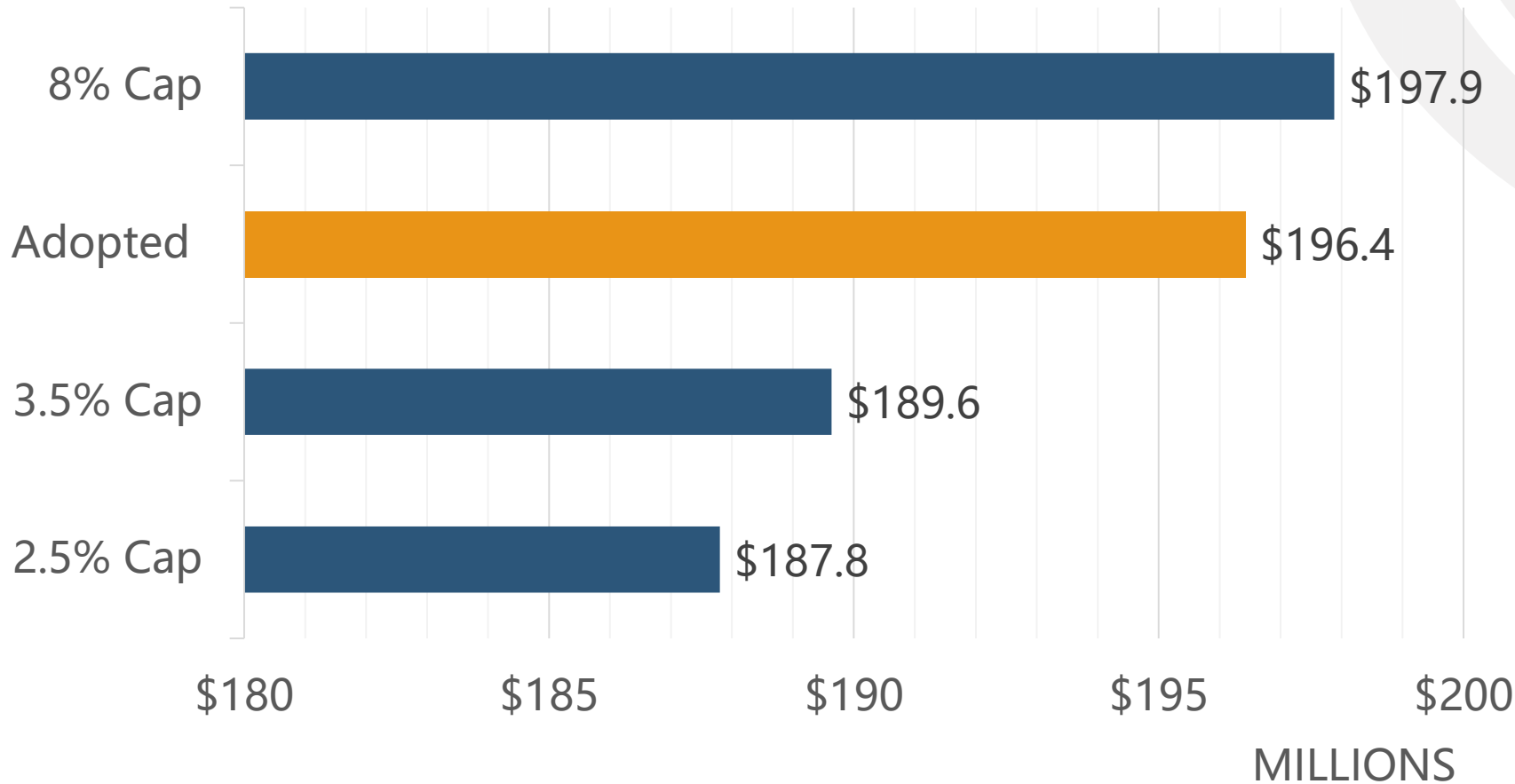
- SB 2 - Property Tax Cap
- Red Light Camera
- Telecommunications
- Bridge revenues
- Franchise Fees
- PEG
- Median Maintenance

# Maintenance & Operations Tax Rates



# FY 2019 Property Tax Revenue

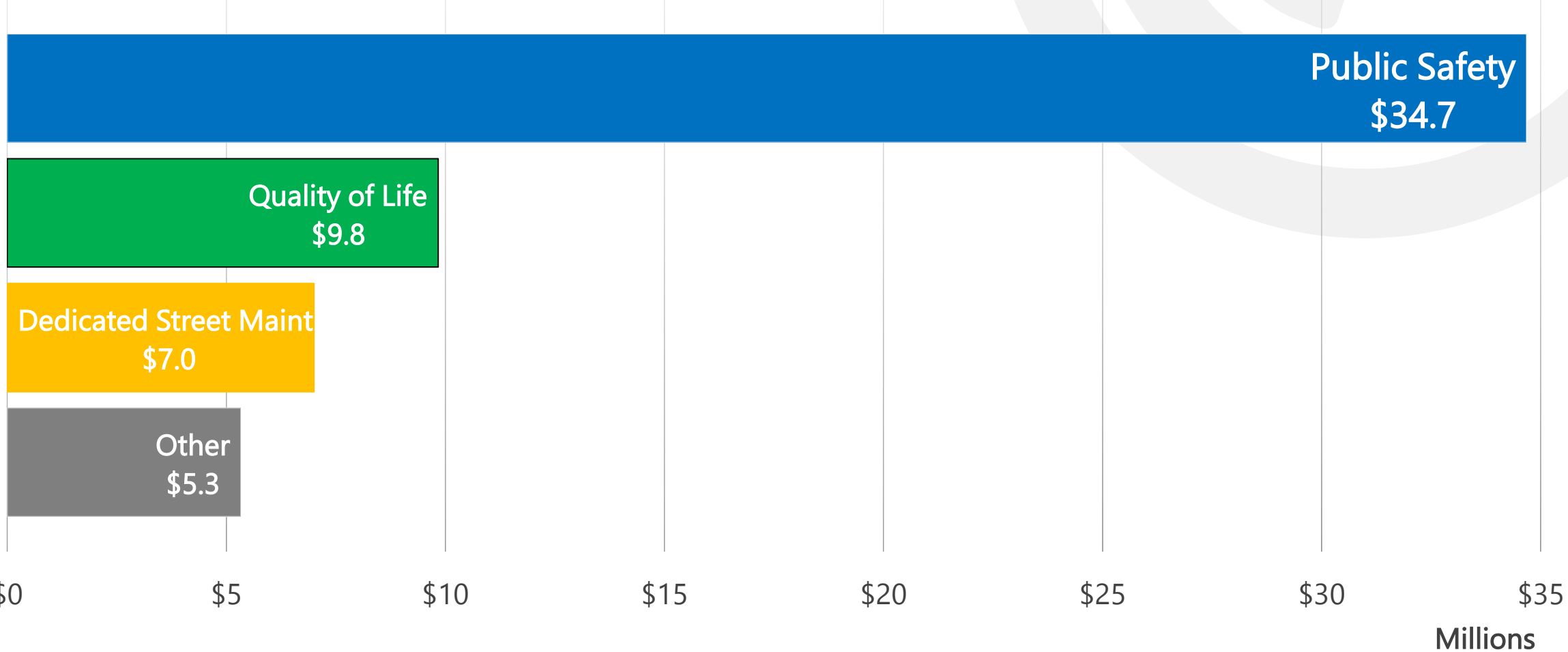
## Maintenance & Operations



A 3.5% cap would have caused a \$6.8 million reduction

A 2.5% cap would have caused a \$8.6 million reduction

# General Fund Cost Increases (FY 2017 to FY 2019)



# Investments in Priorities

## Streets – Since 2017

- ✓ \$7 million for street maintenance projects
  - ✓ Approximately 50 street resurfacing projects
- ✓ ADA on-demand request funding \$500,000
- ✓ Council-approved capital plans to address (debt service impact):
  - ✓ Accelerating street resurfacing projects (2012 CIP)
  - ✓ Reconstruction, lighting and median projects included in the top 25 arterial list
  - ✓ Leveraging City funds for MPO projects



# Investments in Priorities

## Public Safety – Since 2017

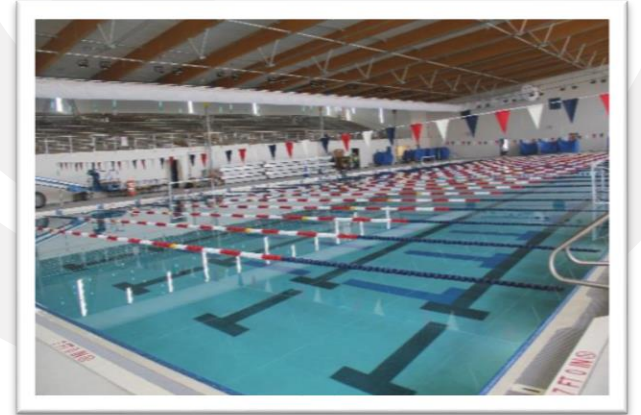
- ✓ Public Safety staffing and collectively bargained obligations
  - ✓ Crisis Intervention Team
  - ✓ 911 Communicators
  - ✓ Police downtown presence
- ✓ Vehicle replacements – police cars, motorcycles, fire trucks, and ambulances



# Investments in Priorities

## Quality of Life – Since 2017

- ✓ Quality of Life Projects – operations and maintenance costs
- ✓ Animal shelter initiatives

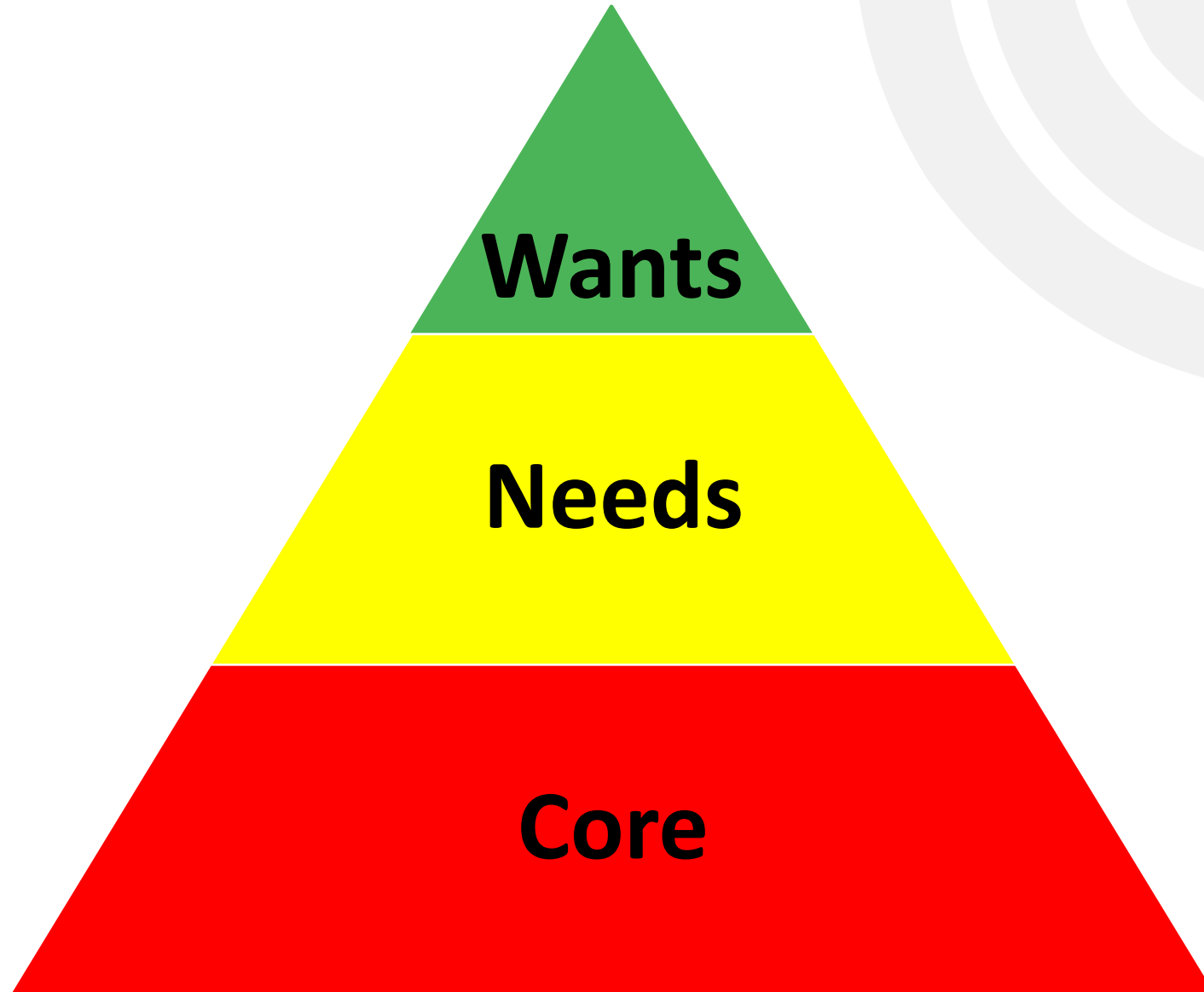


# Investments in Priorities

## Workforce Focus – Since 2017

- ✓ Compensation Increases
  - ✓ Completed three year plan to get all employees to at least \$10.37 per hour
  - ✓ Annual pay raises
- ✓ Staffing for Critical Areas
  - ✓ Grants, Open Records Requests, Purchasing, CID
  - ✓ Contract Compliance (Purchasing, Economic Development, and Community Development)
  - ✓ Internal Audit

# Service Categories



# Core Services

Essential/Mandated Services:

Public Safety - Police, Fire and Municipal Court

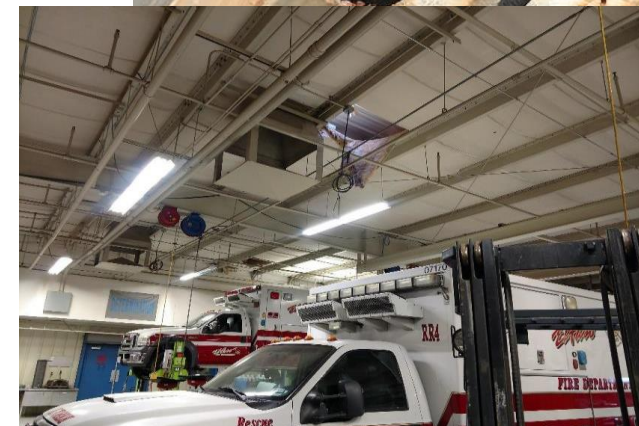
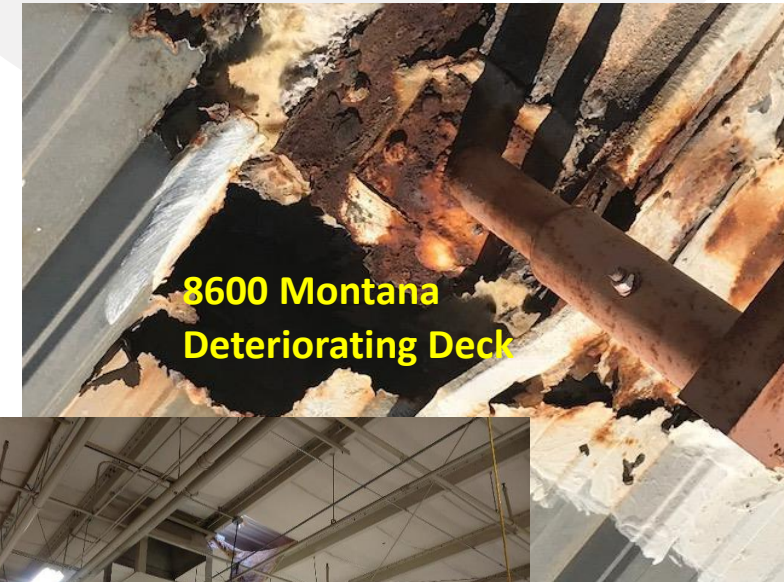
Streets and Maintenance – Street Infrastructure, the utilities and maintenance of operating existing facilities

Planning and Inspections – Residential, Commercial and other building permits

Environmental Services – trash collection and code compliance

# Needs

- Increase in staffing for Police Department – Net 30 increase
- Continued Equipment Replacement -  
Police increase of 300 vehicles  
Fire \$3.2 million allocated for fire trucks and ambulances
- Facility Maintenance – Roof replacements/repairs, HVAC replacement/repairs and park lighting



# “Wants” Considerations

- How many hours should libraries, museums, and recreation centers be open?
- How many swimming pools do we need?
- How many sports fields should there be? Playgrounds?
- How much should the City invest in library books annually?
- How much should the City subsidize services provided (fees)?
- What does the City do with quality of life facilities that have reached their end of life cycle (40+ years old)?

# FY 2020 Property Value Estimates

April 16<sup>th</sup>

## Property Tax Revenue

	FY2019	FY2020	FY2021	FY2022	FY2023
O&M	\$193,054,893	\$189,016,689	\$187,126,898	\$189,168,624	\$187,702,035
Debt Requirement	99,433,545	107,064,945	113,176,290	119,165,000	125,702,035
Total Debt and O&M	\$292,488,438	\$296,081,634	\$300,303,188	\$308,333,624	\$313,307,307

Increase in property values generates less than \$4 million in new revenue

- 1) These figures are only estimates based on various assumptions and factors
- 2) Assumes property tax rate remains flat at \$0.843332
- 3) Figures do not include estimated increases related to debt service payments

# Debt Service Requirement

- Accelerating 2012 Quality of Life projects from 15 years to 10 years
  - Increasing debt service requirement (from property taxes)
  - Increasing annual requirement for operating and maintenance
- Accelerating the 2012 Street CIP resurfacing projects to be completed by 2021
- 2017, 2018, and 2019 Capital Plans total \$219.5M

# FY 2020 Cost Drivers

## Preliminary Estimates

### Police – Estimated at **\$10.9 million**

- Collectively Bargained Obligations including cost of living adjustments, incentive pay, and health care
- Increases in overtime costs
- Slowing uniform attrition
- Impact of the Net 30 Initiative

### Fire – Estimated at **\$5.4 million**

- Collectively Bargained Obligations

# FY 2020 Cost Drivers

## Preliminary Estimates

### Quality of Life Operating and Maintenance Impact :

- 22 projects
- **\$7.8 million** for personnel and operating
- Revenue impact is dependent on fee structure estimated from \$1.5 million to \$1.8 million

# Reduction Options

- Decelerate Police staffing plan to (Net 30 Initiative)
- Decelerate the debt issuance for capital projects (delay in opening of Quality of Life Projects and completion of street projects)
- Pool Closures – Based on age, condition, and usage
- Library Closures – Based on age, condition, and usage

# Budget Challenges

- Dealing with less property tax revenue due to increased exemptions
- Slowly restoring areas drastically reduced in the past, primarily public safety
- Debt service impact from remaining unissued debt (QoL and streets)
- Operating and maintenance costs for quality of life projects

# Budget Challenges

- Accelerating completion of quality of life projects
  - Leading to rising debt and O&M costs
- **Critical needs for streets, facilities, vehicles, equipment**
- Compensation increases and healthcare
- State legislative session potential impacts
- General Fund Reserves
- Unfunded long-term liabilities (pension & OPEB)



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