

City Manager's Budget Message

Fiscal Year 2025



City Manager, *Timothy M. Thomure, P.E.*

This document presents the City of Tucson's Fiscal Year 2025 (FY25) Adopted Budget. Totalling more than \$2.4 billion, this budget determines how City services will be provided to the Tucson community during the coming year. Under the leadership of the Mayor and Council, we continuously strive to implement a sustainable and balanced financial plan. The FY25 Adopted Budget embodies that fiscal responsibility.

This budget was developed to achieve Mayor and Council policy direction as established in a number of key planning documents, including but not limited to:

- Housing Affordability Strategy for Tucson (HAST), approved in 2021,
- Move Tucson, approved in 2021,
- People, Communities, and Homes Investment Plan (P-CHIP), approved in 2021,
- Comprehensive Economic Development Strategy (CEDS), approved in 2022,
- Tucson Resilient Together (TRT), approved in 2023,
- One Water 2100, approved in 2023,
- The Prosperity Initiative, approved in 2024, and
- The City's Equity Action Plan, which will come to Mayor and Council for approval in early 2025.

Further, the FY25 Adopted Budget advances a series of voter-approved measures that direct targeted investments in our community, including:

- Proposition 101, Better Streets and Safer City (2017),
- Proposition 407, Parks + Connections (2018),
- Proposition 411, Better Streets | Safe Streets (2022), and
- Plan Tucson, the City's General & Sustainability Plan, which was approved by Tucson voters in 2013, and which is undergoing revisions and public comment leading up to a new vote of the people in November 2025.

Despite the guidance provided by the City Charter, the Mayor and Council approved plans, and the voter-approved investment programs, this was a challenging spending plan to develop since the City is facing a large, ongoing decrease in revenue to its main operating fund, the General Fund. This revenue reduction is a direct impact from the Arizona State Legislature's implementation of a flat income tax. The impacts of this revenue reduction could total \$40M annually, and won't be fully known for another two years.

Thankfully, as a credit to the Mayor and Council's continuing emphasis on fiscal responsibility, we have adequate financial resources on hand to meet this challenge. Mayor and Council also developed a strategic timeline to monitor the current fiscal year's operations and identify solutions to the anticipated funding challenges on the horizon. The City's strong financial management practices not only have set the City organization up for success in the face of external challenges like the flat tax, we are recognized by outside entities as having solid financial fundamentals as continuously evidenced by our strong, and improving, bond ratings over the past few years.

As City staff deliver services during FY25, we will continuously seek ways to find efficiencies, pilot new approaches, and endeavor to "put the right work in the right hands." The FY25 Adopted Budget provides many opportunities to achieve these goals. During this fiscal year, the City's Community Safety Awareness and Response Center (CSARC) will go into operation to leverage technology and cross-departmental collaboration to make Tucson safer. Through the CSARC, City staff are able to plan for, monitor, and manage major events in our community, and are better positioned to both prevent and respond to community emergencies. Further, the deployment of CSARC technologies will serve as a "force multiplier" by making our human resources in the field better informed, better equipped, safer, and more effective. This budget also continues our expanded level of investment in housing affordability and programs relating to homelessness. We continue to allocate funding to City resources for litter clean-ups and the Housing First initiative, while using state and federal funding to address housing security and affordability. Investments in these areas reflect the goals of the Mayor and Council and the community at large.

Finally, it is important to note that the FY25 Adopted Budget provides continued investments in our employees. Compensation funding includes capacity for an across-the-board base wage increase, coupled with the capacity for a one-time distribution to employees. The FY25 Adopted Budget continues to fund ongoing travel and training opportunities for City employees, our popular tuition reimbursement and student loan repayment programs, and our ongoing Ignite Leadership training series. During FY25, City leadership will also launch a focused investment in our front-line supervisors as they, more than any other group, are tasked with creating the positive work environment and work culture that we strive to create at the City of Tucson. People have many reasons why they come to work for our City, and our job is to make sure that they have many reasons to want to stay with our organization so that we can create a Safe & Vibrant Tucson.



Timothy M. Thomure, P.E.

City Manager

City of Tucson