

# PICA FACT SHEET: FY26 Q2 QCMR

## The Takeaway

A historically high FY26 starting fund balance is allowing the City to run a higher operating deficit than included in the Approved FY26-30 Five-Year Plan and FY26 Q1 QCMR. PICA generally views operating deficits, especially growing ones, as problematic. However, most of the growth in the FY26 operating deficit is driven by policy choices meant to guard against future lean times – setting reserves aside now and deferring revenue until later to hedge against the uncertainty of federal funding sources. The \$50.0 million for unanticipated snow response costs has dwarfed what’s been needed in prior years with less snow and ice, underscoring how essential sufficient reserves are when responding to the unexpected. Even with these new costs, the fund balance remains positive and there is not a variance from the PICA-approved FY26-30 Plan.

## General Fund

- Revenues: \$6.27B
- Obligations: \$6.99B
- Fund Balance: \$509.2M
  - 8.1% of revenues
  - Below GFOA-recommended level but exceeding the City’s target of at least 6-8% for all reserves.
- Staffing: 86.3% positions filled
- Performance Measures: 75 out of 98 (76.5%) on track to meet target

## FY26 Fund Balance



## Housing Trust Fund

- Revenues: \$49.8M
- Obligations: \$72.1M
- Fund Balance: \$6.4M
  - 12.9% of revenues

## Transportation Fund

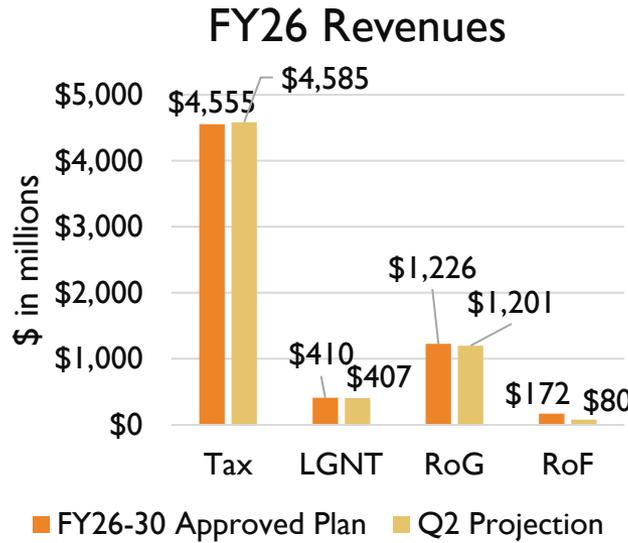
- Revenues: \$184.1M
- Obligations: \$199.6M
- Fund Balance: \$9.8M
  - 5.3% of revenues
- Staffing: 83.8% filled

## Capital Fund

- FY26 Adopted + Carryforward: \$3.01B
- FY26 YTD Encumbrances: \$155.1M
- FY26 YTD Expenditures: \$179.7M
- FY26 Adopted + Carryforward expended or encumbered YTD: 11.1%

# GENERAL FUND REVENUE

- Deferred Revenue:** FY26 revenue is projected to be \$91.5M (1.4%) lower than the Approved FY26-30 Five-Year Plan, largely driven by a decision to hold off on transferring American Rescue Plan (ARPA) interest earnings to the General Fund in FY26.
- Continued Volatility:** BIRT and RTT, the City's most volatile sources of tax revenue, remained volatile. From Q1 to Q2, projections for FY26 BIRT revenue increased by \$27.3M (3.6%), and RTT projections decreased by \$17.7M (5.0%).



- Tax revenue is projected to be \$29.5M (0.6%) higher than the Approved FY26-30 Plan.
- LGNT revenue projections are \$3.9M (0.9%) lower than the Approved Plan driven by drastically lower than anticipated Sheriff Sale revenue (-\$10.0M) and reduced payments for patient care at City Health Centers (-\$5.8M) somewhat offset by other increases.
- A Shift in the composition of Wage Tax payers and its effect on PICA Tax collections contributed to Revenue from Other Governments projections \$24.8M (2.0%) below Approved Plan estimates.
- Projected Revenue from Other Funds is \$92.3M (53.6%) lower than the Approved Plan due to the deferred transfer of interest earnings generated by ARPA funds.

# FY26 Taxes

Class	FY26-30 Approved Plan	Current Projection	Change
Wage*	\$2,072.0M	\$2,086.9M	↑ 0.7%
Real Estate	\$940.4M	\$936.1M	↓ -0.5%
BIRT	\$725.9M	\$779.3M	↑ 7.4%
Realty Transfer	\$372.7M	\$334.1M	↓ -10.3%
Sales	\$324.0M	\$323.2M	↓ -0.3%
Beverage	\$64.4M	\$71.0M	↑ 10.1%
Other	\$55.7M	\$54.1M	↓ -2.9%

\*Wage includes Earning and Net Profits

### From Q1 to Q2:

- BIRT projections increased by \$27.3M (3.6%), while Net Profits projections increased by \$6.8M (20.9%) related to changes in tax policy.
- RTT projections decreased by \$17.7M (5.0%).
- Wage Tax projections increased by \$8.1M (0.4%) because of shifts in the resident/non-resident composition of taxpayers.

# FY26 GENERAL FUND BALANCE: \$509.2M

# FY26 GENERAL FUND STAFFING: 86.3% OF FULL-TIME POSITIONS FILLED

## GENERAL FUND OBLIGATIONS

- FY26 obligations are projected to be \$143.3M (2.1%) higher than the FY26-30 Approved Plan, primarily due to the addition of a Federal Funds Reserve and snowstorm response costs.
- From Q1 to Q2, projected FY26 spending increased by \$52.3M due to a \$50.0M transfer to the Transportation Fund for unanticipated snow removal costs, and a \$2.3M transfer to the Water Fund for higher than anticipated interfund costs due to rate changes.

## FY26 Obligations

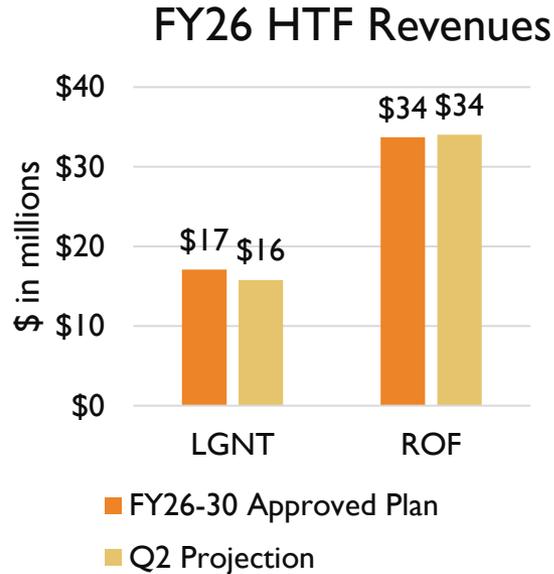
Class	FY26-30 Approved Plan	Current Projection	Change
100: Wages & Benefits	\$4,091.8M	\$4,150.4M	1.4% ↑
200: Contracts	\$1,608.2M	\$1,608.2M	—
300/400: Materials & Equipment	\$177.4M	\$177.4M	—
500: Contributions, Indemnities, etc.	\$477.0M	\$477.0M	—
700: Debt Service	\$231.5M	\$231.5M	—
800: Transfers to Other Funds	\$155.1M	\$207.4M	33.7% ↑
900: Advances & Misc.	\$101.6M	\$134.0M	31.9% ↑

## Critical Performance Measures

Department	Measure	On track?	Explanation
Police	Number of shooting victims	✓	24.6% decrease from FY25 Q2
Police	Number of homicides	✓	25.0% decrease from FY25 Q2
Fire	Number of civilian fire-related deaths	✓	Slight decrease from FY25 Q2
Fire	Percent of EMS calls responded to under 9 mins	N/A	Continued data concerns
Licenses + Inspections	Median timeframe from “imminently dangerous” designation to demolition	✓	30.4% decrease in median timeframe from FY25 Q2
Behavioral Health	Number of admissions to residential treatment facilities	✓	
Public Health	Number of months between food establishment inspections	✓	Onboarding of new inspectors has this measure on track
Public Health	Children 19-35 months with complete immunizations	✗	Above FY25 Q2, but not on track

# HOUSING TRUST FUND

- Revenue decrease:** A decline in interest earning projections, offset slightly by a projected increase in recording fee revenue, led to a \$994,000 (2.0%) decrease in projected HTF revenue compared to the Approved FY26-30 Five-Year Plan.
- Obligations:** Spending projections are consistent with the Approved FY26-30 Five-Year Plan.
- Fund Balance:** Reductions to projected revenues changed to expected FY26 HTF fund balance to \$6.4M, equivalent to 12.9% of HTF revenues.



- LGNT Revenue** is projected to generate \$1.3M (7.5%) less than included in the Approved FY26-30 Five-Year Plan.
- Projected interest earnings were lowered by \$2.0M (39.5%) based on YTD actuals.
- The impact of lower projected interest earnings is somewhat offset by a projected \$715,000 (6.3%) increase in recording fee revenue driven by an increase to the HTF portion of recording fee in FY26.

### FY26 HTF Obligations

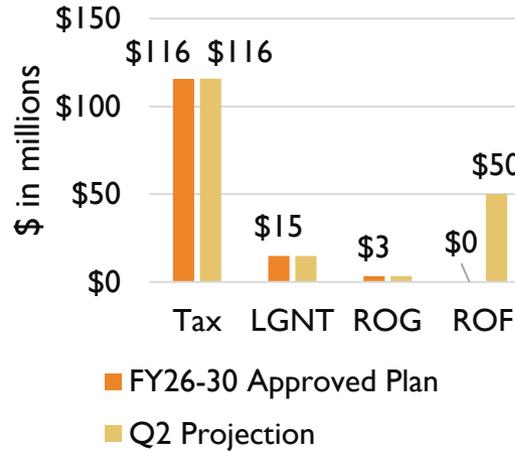
Class	FY26-30 Approved Plan	Current Projection	Change
100: Wages & Benefits	\$6.7M	\$6.7M	—
200: Contracts	\$65.2M	\$65.2M	—
300/400: Materials & Equipment	\$0.2M	\$0.2M	—

- Q2 projections for spending are consistent with the Approved FY26-30 Five-Year Plan.

# TRANSPORTATION FUND

- **Revenue:** Increased by \$50.1M (37.4%) from the Approved FY26-30 Plan due to a transfer from the General Fund for snow response costs and increased Parking Tax estimates.
- **Obligations:** Up \$53.8M (36.9%) from the Approved Plan driven by \$50.0 million in additional C200 spending budgeted for snow removal in Q2 and new collective bargaining agreements in Q1.
- **Fund Balance:** projected to reach \$9.8M (5.3% of revenues).
- **Higher staffing:** 697 out of 832 (83.8%) full time positions were filled at the end of FY26 Q2.

## FY26 Transp. Fund Revenues



- Q2 revenue projections include a \$50.0M transfer from the General Fund for unanticipated snow response costs.
- Projected \$121,000 increase in Parking Tax revenue compared to the Approved FY26-30 Five-Year Plan due to higher than anticipated YTD growth.

## FY26 Transp. Fund Obligations

Class	FY26-30 Approved Plan	Current Projection	Change
100: Wages & Benefits	\$102.7M	\$106.8M	4.0% ↑
200: Contracts	\$14.0M	\$64.0M	357.4% ↑
300/400: Materials & Equipment	\$11.6M	\$11.6M	—
500: Contributions & Indemnities	\$15.0M	\$15.0M	—
800: Transfers to Other Funds	\$2.1M	\$2.1M	1.0% ↑
900: Labor Reserve	\$0.4M	\$0	-100% ↓

- Class 200 spending is projected to be \$50.0M higher than the Approved FY26-30 Plan due to unanticipated snow response costs.
- Class 100 spending is projected to be \$4.1M higher than the Approved FY26-30 Plan due to contracted increases.
- Salary increases were partially offset by reallocating \$380,000 from the Labor Reserve.

# CAPITAL FUND

At the end of FY26Q2, the largest capital investments (encumbrances + expenditures) have been in:

- Streets: \$135.1M, or 9.8% of appropriations
- Parks and Recreation: \$43.2M, or 11.5% of appropriations
- MDO: \$23.9M, or 8.6% of appropriations
- Fleet Services: \$23.0M, or 32.4% of appropriations
- Office of Innovation and Technology: \$20.4M or 25.1% of appropriations

Revenue Source	FY26 Adopted + Carryforward Appropriations per QCMR	FY26 YTD Encumbrances	FY26 YTD Expenditures	% of Source Obligated
GO Bonds	\$1.01B	\$92.6M	\$110.2M	20.1%
PAYGO	\$562.4M	\$10.6M	\$39.2M	8.8%
Federal	\$839.7M	\$43.8M	\$21.2M	7.7%
State	\$423.0M	\$6.8M	\$8.8M	3.7%
Private	\$132.2M	\$1.4M	\$315,900	1.3%
Other Government Sources	\$34.8M	-	\$2,086	0.0%
PICA	\$9.5M	-	-	0.0%
<b>Total</b>	<b>\$3.01B</b>	<b>\$155.1M</b>	<b>\$179.7M</b>	<b>11.1%</b>