



# PRESENTATION OF FY26 BUDGET TO COUNCIL

*July 7, 2025*



# Fiscal Discipline & Planning

- FY26 budget crafted to be responsive to:
  - Federal legislative changes and executive orders including tariff and grant impacts.
  - State legislative funding changes and compliance mandates.
  - Slow down of growth from Texas A&M student population
  - Changes in consumer confidence
  - Increased cooperation from Texas A&M regarding public safety
  - Moderate regional development.
  - Service expectations in public safety, water resources, and quality of life and infrastructure.
- Five-Year Forecasting Model actively used to evaluate the fiscal impact of recurring costs, capital investment, and potential changes in revenue assumptions.
- General Fund balance closely managed.



# Net Budget Summary

FY26 Proposed Net Budget Summary	
<u>Fund Type</u>	<u>Proposed Net Budget</u>
Governmental Funds	\$165,545,044
Enterprise Funds	195,015,464
Special Revenue Funds	29,518,052
<b>Subtotal O&amp;M</b>	<b>\$390,078,560</b>
<b>Subtotal Capital</b>	<b>\$84,147,138</b>
<b>Total Proposed Net Budget</b>	<b>\$474,225,698</b>

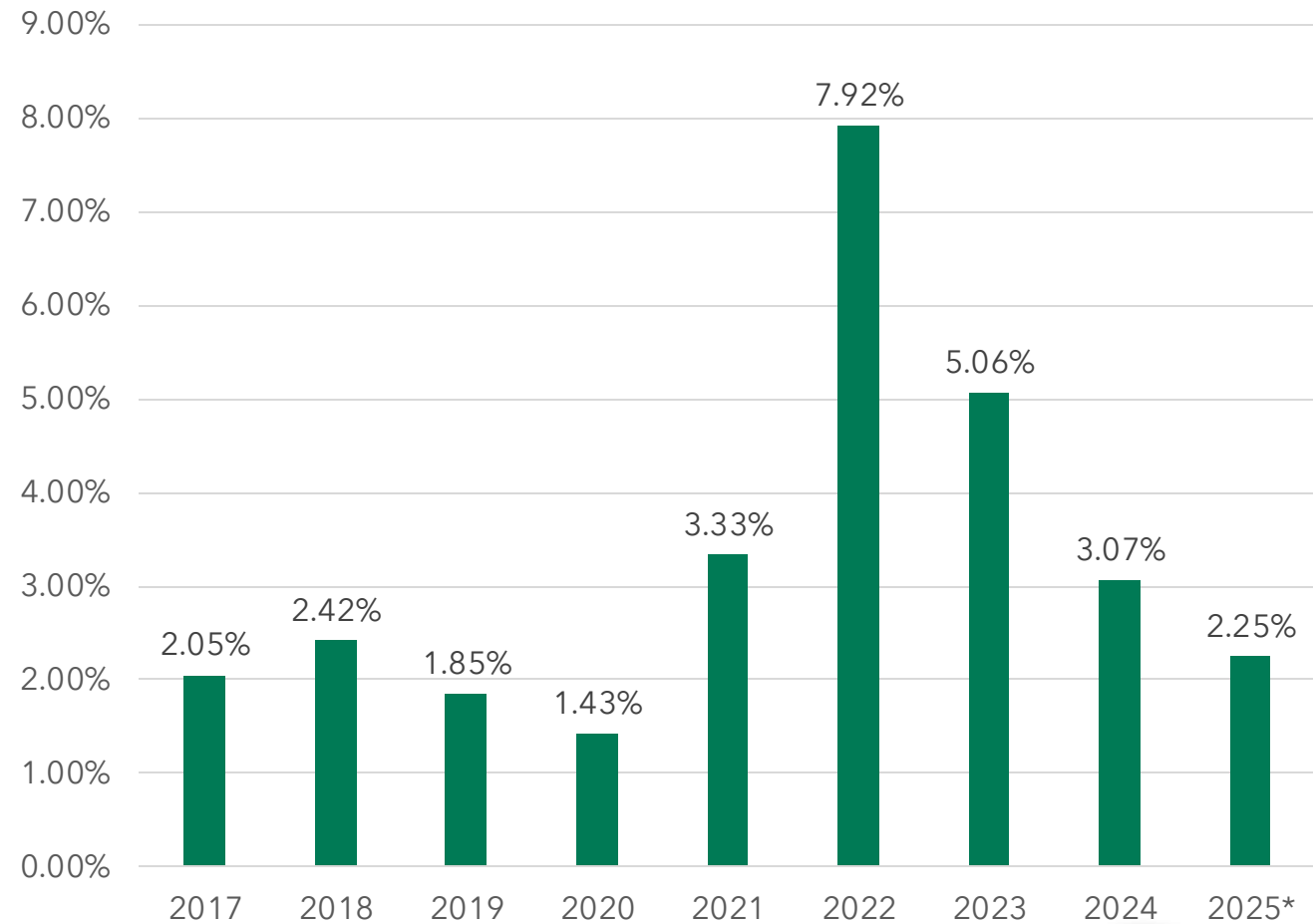
Compared to FY25:

- The operating budget increased 6.26%
- The capital budget decreased 51.74%
- The total net budget decreased 12.42%

# CPI-U

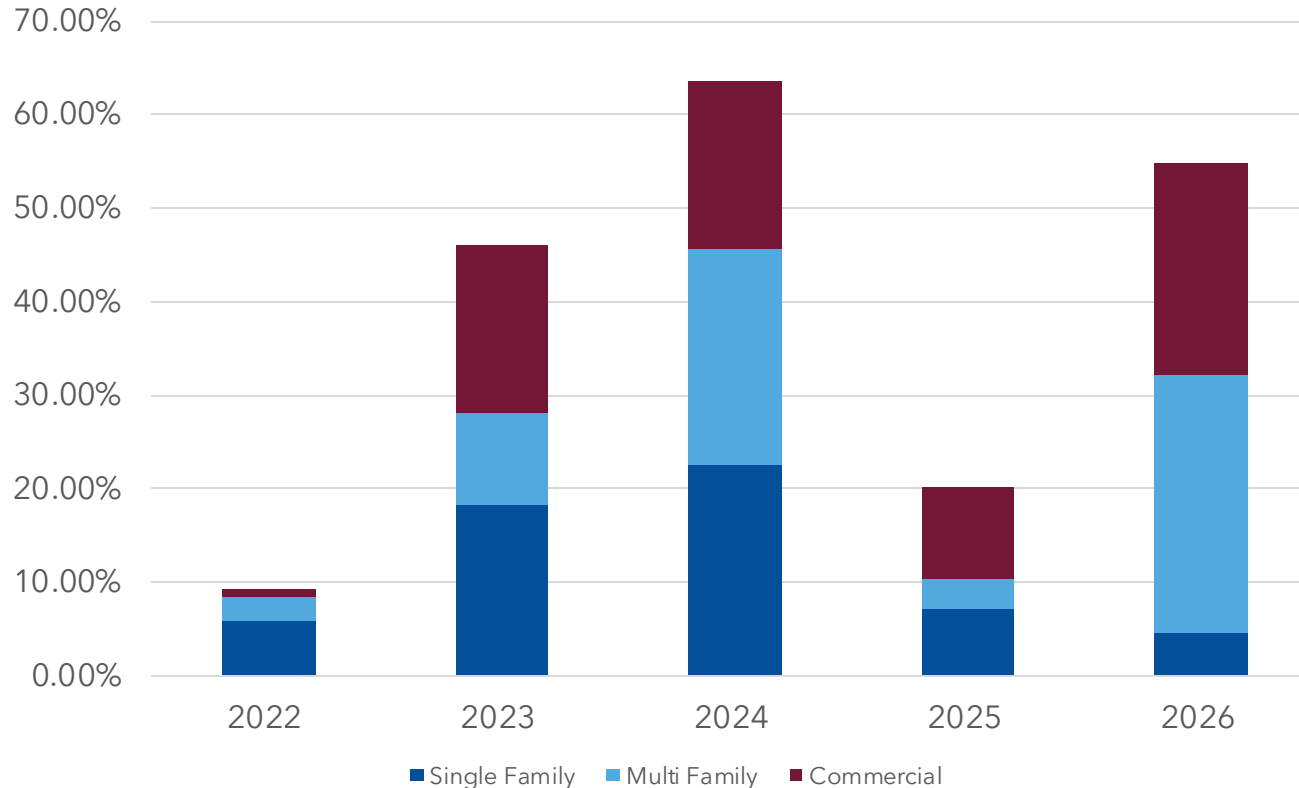
- The Consumer Price Index For All Urban Consumers (CPI-U) measures changes in U.S. consumer prices based on a representative basket of goods and services.
- The city began tying permit fees and non-metered utility fees to this published index in FY19.
- The CPI-U index used in the FY26 proposed budget is 3.0%

## FISCAL YEAR INFLATION



# Preliminary Taxable Values

Year over Year Change in Existing Property Values

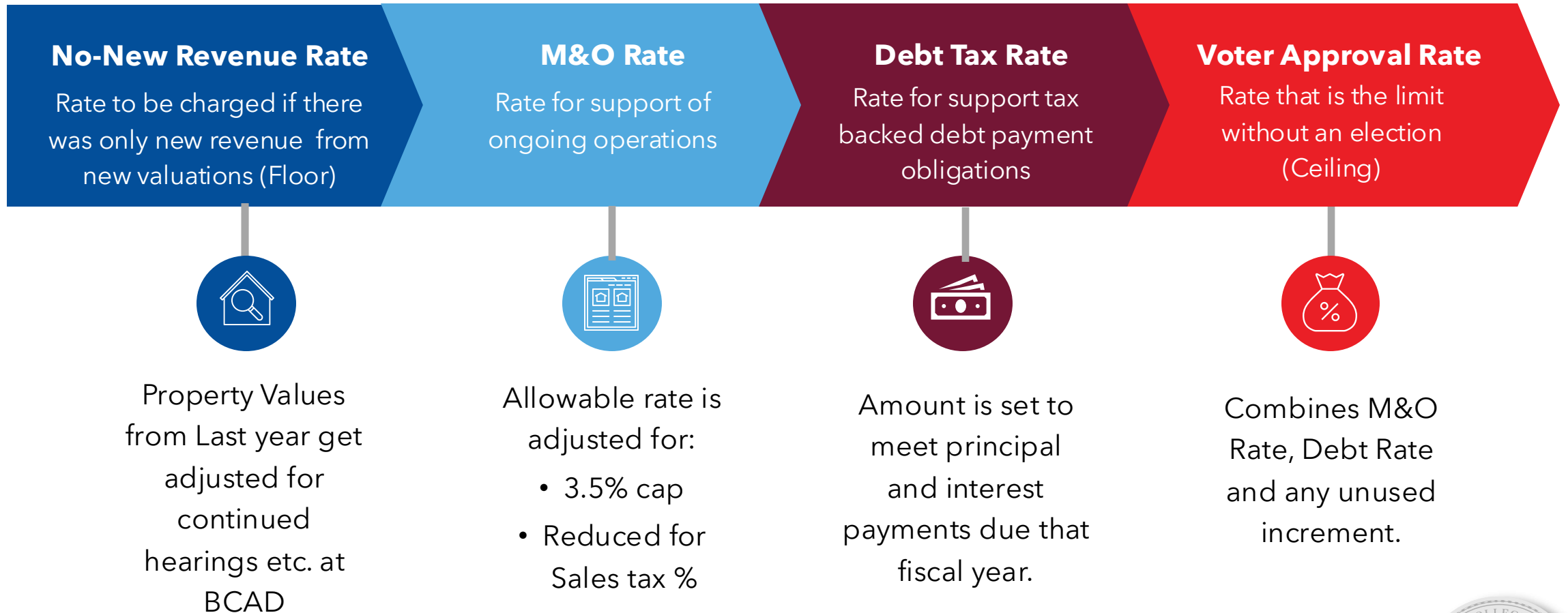


- Net Taxable Value up 15%
- New Value contributed 3.0%
- Year over Year category increases:
  - Single Family Residential - 4.5%
  - Multi Family - 31.0%
  - Commercial - 21.9%
- Average Taxable Residence value went from \$397,019 to \$421,798 or an increase of 6.24%
- The taxable increase on a homesteaded residence is limited by law to 10%

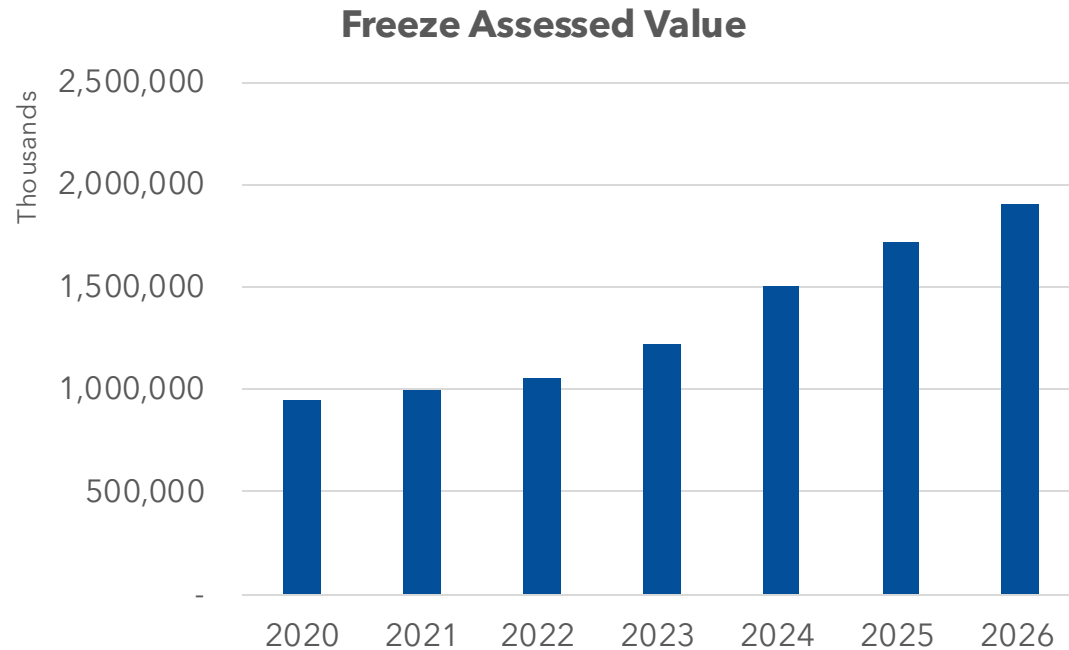




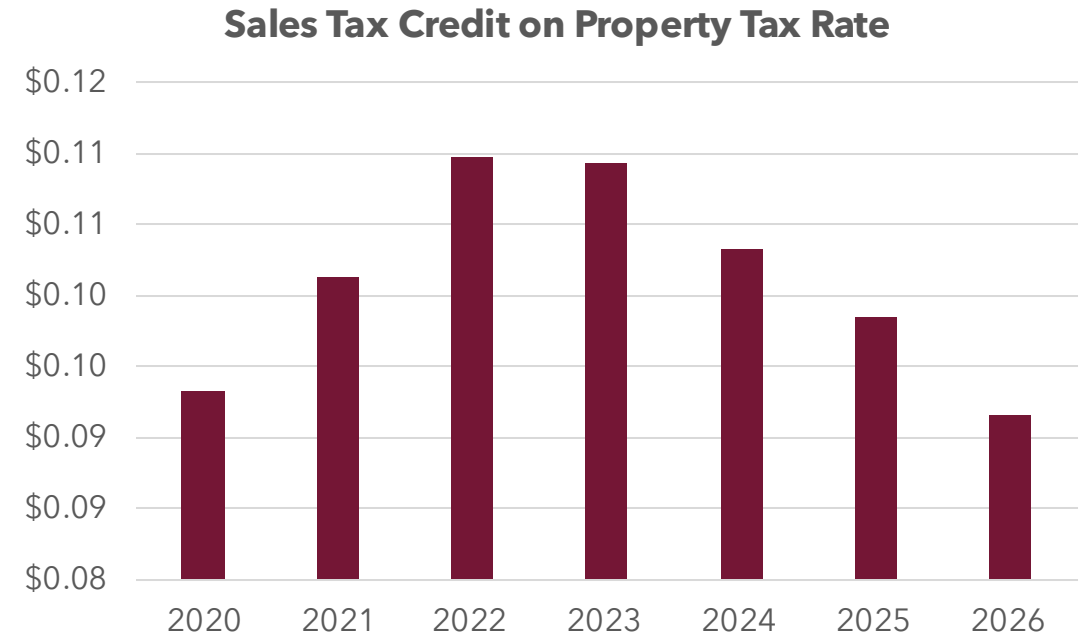
# Tax Rate Calculations



# Factors Affecting No-New-Revenue & Voter Approval Rates



- Assessed frozen valuations have increased by 100.5% since 2020
- Frozen valuations are not considered in NNR Calculation



- Credit on Voter Approval Rate for a portion of sales tax collected has decreased since 2023 by 17.5%
- Less of a credit raises the voter approval rate



# Estimated Proposed Tax Rate of 48.7430

FY26 No-New Revenue  
and Voter Approval  
Rates are **Estimated**



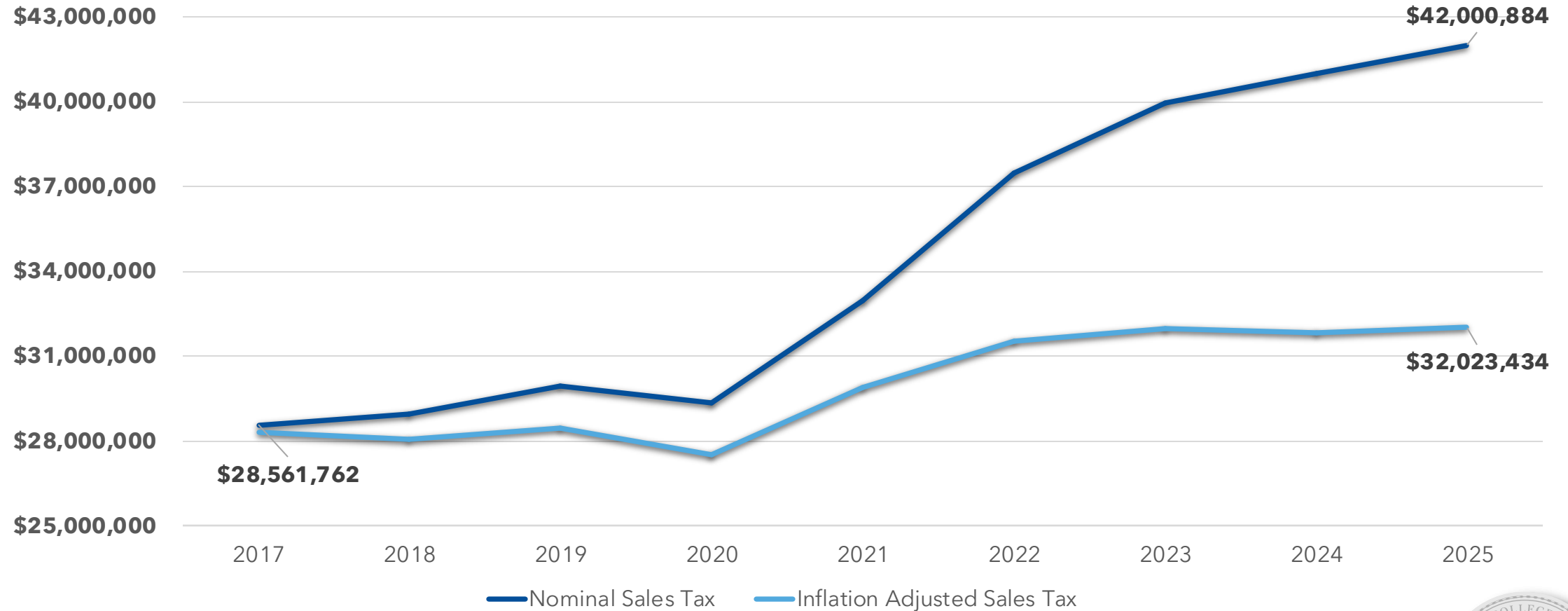
	Approved FY25	Change	Proposed FY26
<b>Debt Service Fund</b>	21.1441	(0.8773)	20.2668
<b>General Fund</b>	30.1645	(1.6883)	28.4762
<b>Total</b>	<b>51.3086</b>	(2.5656)	<b>48.7430</b>
<b>Estimated No New Revenue Rate</b>	49.9960		46.7434
<b>Estimated Voter Approval Rate</b>	52.1442		48.8940





# Purchasing Power of Sales Tax since 2017

## Constant Dollar of Sales Tax

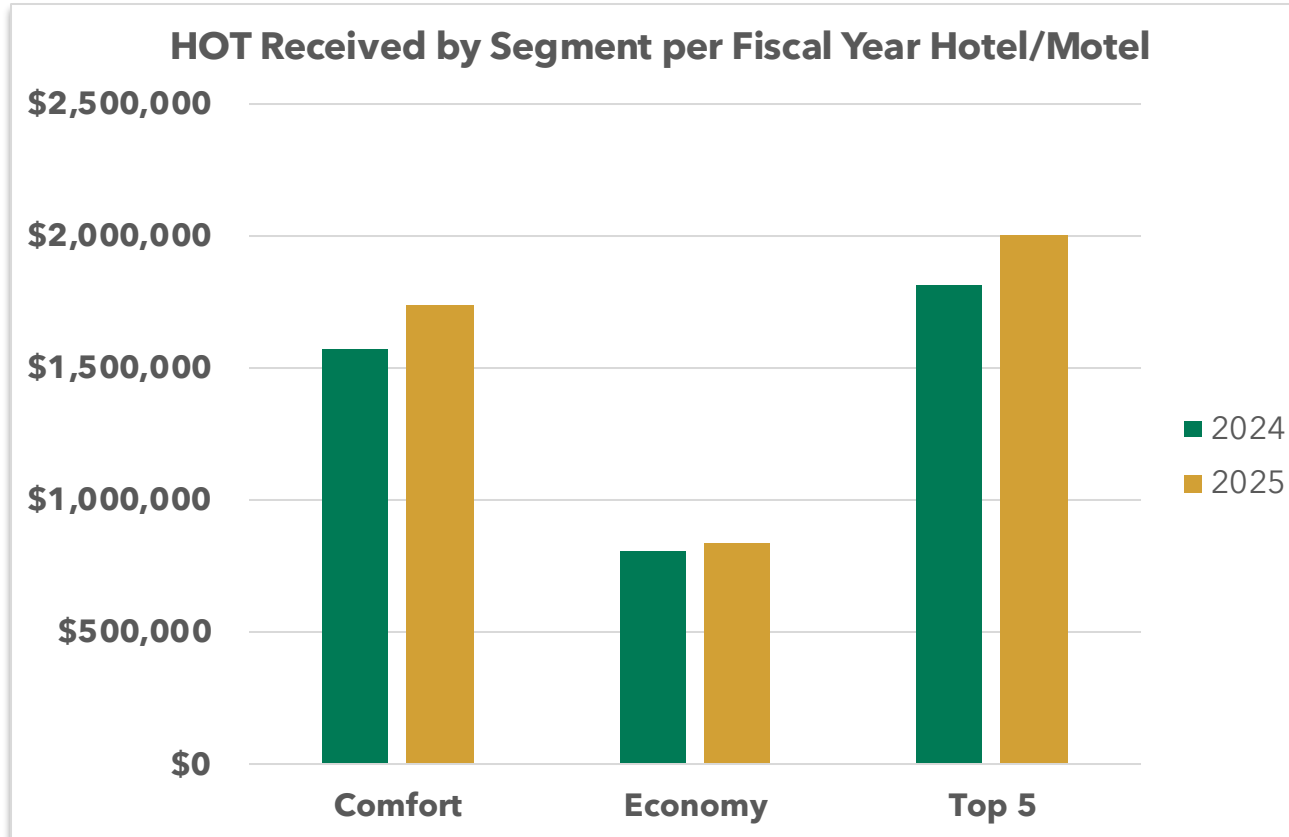


# Fee Ordinance

- No rate increase for Electric, Water, or Wastewater;
  - However, there is a slight decrease in the Transmission Delivery Adjustment (TDA) fee as well as a slight solar credit change reflected in Electric.
- Increase of 3.0% for fees tied to the Consumer Price Index – All Urban Consumers (CPI-U).
  - Fees tied to the CPI-U include, Planning, Drainage and Roadway Maintenance.
- There is a change of the CPI Index for Solid Waste from the CPI-U to the CPI-Water/Sewer/Trash.
  - The CPI-WST increased by 5.0%
  - Certain specific Solid Waste fees proposed to increased an additional 5.0%
- Tourism revised the deposit for the use of 1207 Event Space
- Parks revised summer camp fee from per session to per week.



# Hotel Occupancy Tax



	Last Year (FY 2024)	This Year (FY 2025)	Change in Amount	Percentage Change
Rooms Available	846,291	860,279	13,988	1.7%
Rooms Occupied	459,483	482,732	23,249	5.1%
Occupancy Rate YTD	54.3%	56.1%		



# Pay & Benefits Strategy

- 3% across-the-board pay scale increase for all employees plus a 1% market adjustment for existing non-step employees.
- 3% across-the-board pay scale increase for public safety
- Annual step increases for eligible public safety personnel.
- Merit / other pay pool for top-performing non-step employees and specific adjustments.
- Employee healthcare premiums remain flat for the sixth consecutive year.
- No increase in City-paid healthcare premiums.



# FY25 Interim Staffing Additions

FUND/DEPARTMENT	FY25 Approved Budget	FY25 Changes	FY25 Revised Budget
General Fund			
Police	236.00	2.00	238.00
Fire	174.00	12.00	186.00
All Other Governmental Staff	339.00	-	339.00
<b>TOTAL General Fund</b>	<b>749.00</b>	<b>14.00</b>	<b>763.00</b>
Solid Waste Fund	47.00	1.00	48.00
Northgate Fund	8.00	1.00	9.00
All Other Utility or Special Fund Staff	267.50	-	267.50
<b>TOTAL Utility / Special Fund Staff</b>	<b>322.50</b>	<b>2.00</b>	<b>324.50</b>
<b>GRAND TOTAL ALL FUNDS</b>	<b>1,071.50</b>	<b>16.00</b>	<b>1,087.50</b>



# FY26 Proposed Staffing Additions

FUND/DEPARTMENT	FY25 Revised Budget	FY26 Base Budget Changes	FY26 Proposed Base Budget	FY26 SLAs	FY26 Proposed Budget
General Fund					
Police	238.00	-	238.00	6.00	244.00
Fire	186.00	8.00	194.00	12.00	206.00
Planning and Development Services	46.00	1.50	47.50	1.00	48.50
Fiscal Services	54.25	0.50	54.75	-	54.75
General Government	69.00	(10.50)	58.50	1.00	59.50
All other Governmental Staff	169.75	-	169.75	-	169.75
<b>TOTAL General Fund</b>	<b>763.00</b>	<b>(0.50)</b>	<b>762.50</b>	<b>20.00</b>	<b>782.50</b>
Solid Waste Fund	48.00	-	48.00	1.00	49.00
Community Development Fund	3.50	(1.00)	2.50	-	2.50
Drainage Fund	20.00	-	20.00	2.00	22.00
Court Security Fund	0.50	(0.50)	-	-	-
All Other Utility or Special Fund Staff	252.50	-	251.00	-	251.00
<b>TOTAL Utility / Special Fund Staff</b>	<b>324.50</b>	<b>(1.50)</b>		<b>3.00</b>	<b>326.00</b>
<b>GRAND TOTAL ALL FUNDS</b>	<b>1,087.50</b>	<b>(2.00)</b>	<b>1,085.50</b>	<b>23.00</b>	<b>1,108.50</b>

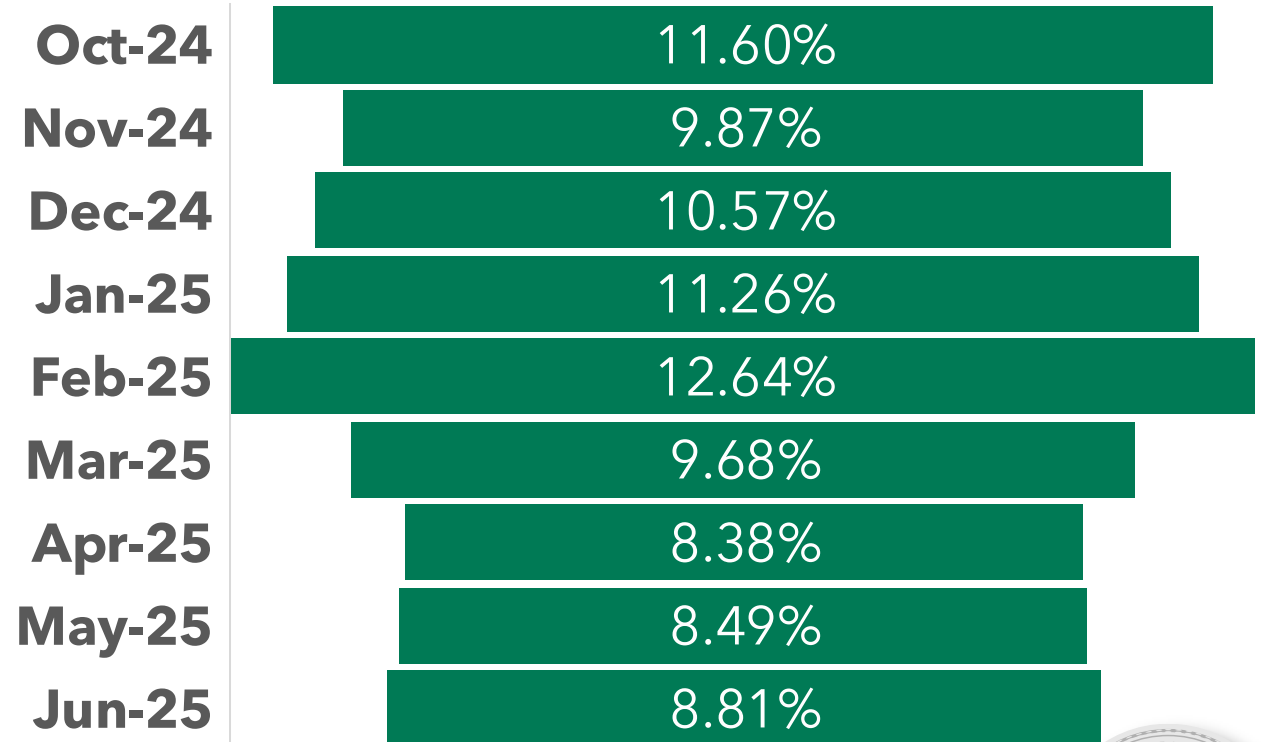




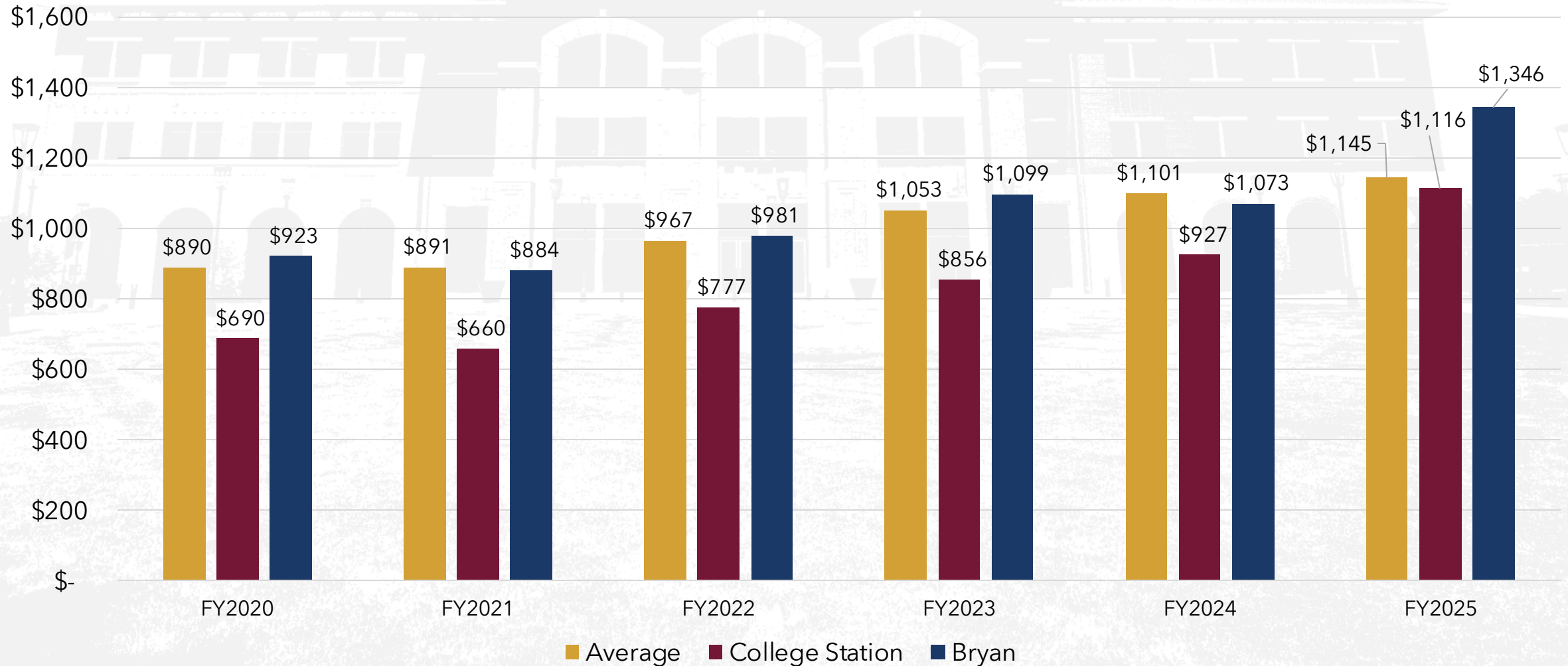
# FY25 Vacancy Rates & FY26 Hiring Strategy

- Vacancy Rate Definition: The percentage of approved (budgeted) positions that are currently unfilled at a given point in time.
- Fiscal and Budgetary Policy Statements Revisions
  - Clarifying the Operating Budget long-time City vacancy policy of 3.0%
  - Adding language to the appropriations section defining an overhire process
- Overhire process intended for additional Police Officers in FY26 if existing departmental vacancy rate can get down to policy.
  - Departmental vacancy rates will be continuously reviewed in FY26.

## FY25 VACANCY RATE TO DATE



# General Fund Budgeted Expenditures Per Capita (Average of Comparable Cities)



# Recurring General Fund Five Year Forecast

(in 000s)

	FY26	FY27	FY28	FY29	FY30
Beginning Fund Balance	\$96,690	\$92,310	\$93,390	\$94,250	\$95,840
Total Recurring Revenues	125,480	128,790	132,060	134,190	137,350
Total Recurring Expenses*	125,180	128,770	132,480	133,690	135,960
<b>In Balance (Out of Balance)</b>	<b>300</b>	<b>20</b>	<b>(420)</b>	<b>500</b>	<b>1,390</b>

- One SAFER grant runs out in FY28.
- Sales tax growth assumed to be 2% to 2.7%.
- \*FY26 includes a reserve for future recurring expenses of \$1,100,000 that is released in FY27.



# General Fund Balance FY26 Breakdown

(in 000s)

**STAFF RECOMMENDATION** **\$17,464**

- Future operational reserve (Public Safety)
- Reserve for Bond Rating
- Economic incentives
- Council requests
- Grants matching dollars
- Special elections
- Texas Parks & Wildlife grant matching dollars
- State Highway 6 relocation costs
- Grant uncertainty

**\$92.3M GENERAL FUND**



**\$28,700 DISCRETIONARY**

- 1x Reserves for future capital projects and vehicles

**\$25,815 REQUIRED**

- Required reserve by policy
- Federal Opioid Abatement

**\$20,334 UNASSIGNED**

- Amounts available for future contingencies and one-time requests



# FY26 Capital Strategy

- **General Government Major Projects / Appropriations**

- Completion of Fire Station #7 in 2026.
- Street, sidewalk, and signal enhancements including Rock Prairie Road Rehab from WD Fitch to City Limits and Capstone Realignment needing \$6.1M in appropriations.
- Public Works Operations Center is included as a funded project from FY25 budget. Planned construction appropriations of ~\$35MM will be included in FY27 - FY28.
- Parks projects, including new City Baseball Fields, include \$8.4M in appropriations.

- **Utility Major Projects / Appropriations**

- Electric is continuing to fund the capital program of \$21.6M with cash.
- Appropriations for Water-Wastewater capital is \$44.7M including:
  - Continued work on 3 new wells
  - State HWY 6 relocation of \$8.7M;
  - Water well rehab projects of \$9.1 M;
  - Wastewater Treatment plant filter improvements of \$8.1M;
  - Carters Grove W-WW Rehab totaling \$11.5M.



# Future Debt Issuances Forecast

(in 000s)

	2026	2027	2028	2029	2030
Facilities & Tech	\$3,000	\$18,200	\$17,500	\$0	\$0
Streets	16,200	26,250	8,800	0	2,000
Parks	3,000	0	0	0	0
<b>Governmental</b>	<b>\$22,200</b>	<b>\$44,450</b>	<b>\$26,300</b>	<b>\$0</b>	<b>\$2,000</b>
Electric	\$0	\$0	\$2,000	\$5,000	\$1,500
Water	50,200	41,000	1,750	1,000	12,400
Wastewater	19,500	29,750	16,000	0	0
<b>Utility</b>	<b>\$69,700</b>	<b>\$70,750</b>	<b>\$19,750</b>	<b>\$6,000</b>	<b>\$13,900</b>
<b>Total Future Debt Issuances</b>	<b>\$91,900</b>	<b>\$115,200</b>	<b>\$46,050</b>	<b>\$6,000</b>	<b>\$15,900</b>





# Estimated Governmental Debt Capacity

(in 000s)

	Committed by Year	Estimated Capacity	Debt Rolling Off	Total Debt	% of Assessed Valuation
FY25	22,050	0	(21,865)	235,335	1.55%
FY26	22,200	5,000	(19,580)	242,955	1.40%
FY27	44,450	20,000	(19,677)	287,728	1.56%
FY28	26,300	20,000	(21,658)	312,370	1.59%
FY29	0	20,000	(22,362)	310,008	1.47%
FY30	2,000	30,000	(23,412)	318,595	1.41%
<b>TOTAL</b>	<b>117,000</b>	<b>95,000</b>	<b>(128,55)</b>		

- Future year forecast currently maintains a Total Debt to Assessed Valuation % under 2.00%
- Each cent on the property tax rate funds ~15M-\$17M in governmental capital projects.



# Electric Fund Five-Year O&M Forecast

(in 000s)

	FY25 Est.	FY25	FY26	FY27	FY28	FY29
<b>Beginning Working Capital</b>	<b>\$47,048</b>	<b>\$39,413</b>	<b>\$31,573</b>	<b>\$24,851</b>	<b>\$22,283</b>	<b>\$24,054</b>
Total Revenues	141,163	137,002	138,783	140,657	141,658	140,600
Total Operating Expenses	97,386	101,790	102,976	99,622	96,864	97,846
Transfers & Other (Sources) / Uses	51,412	43,052	42,528	43,602	43,022	40,713
<b>Ending Working Capital</b>	<b>39,413</b>	<b>31,573</b>	<b>24,851</b>	<b>22,238</b>	<b>24,054</b>	<b>26,095</b>
<b>Over / (Under) Working Capital Required</b>	<b>\$17,857</b>	<b>\$9,047</b>	<b>\$2,291</b>	<b>\$309</b>	<b>\$2,587</b>	<b>\$4,503</b>

- Working Capital required is 18.0%
- Forecast assumes no planned rate increases.
- Certain years have one-time cash for capital transfers.



# Water Fund Five-Year O&M Forecast

(in 000s)

	FY25 Est.	FY26	FY27	FY28	FY29	FY30
<b>Beginning Working Capital</b>	<b>\$11,228</b>	<b>\$9,807</b>	<b>\$8,378</b>	<b>\$6,662</b>	<b>\$5,692</b>	<b>\$6,255</b>
Total Revenues	27,141	26,559	26,969	30,161	32,817	33,316
Total Operating Expenses	10,522	10,031	10,383	10,381	10,644	10,914
Transfers & Other (Sources) / Uses	18,039	17,957	18,302	20,750	21,613	21,511
<b>Ending Working Capital</b>	<b>\$9,807</b>	<b>\$8,378</b>	<b>\$6,662</b>	<b>\$5,692</b>	<b>\$6,252</b>	<b>\$7,143</b>
<b>Over (Under) Working Capital Required</b>	<b>\$5,463</b>	<b>\$4,105</b>	<b>\$1,571</b>	<b>\$70</b>	<b>\$608</b>	<b>\$1,469</b>

- FY25-FY29 include one-time cash for capital transfers totaling \$13,000,000.
- Forecast reflects a 71% increase in debt service between FY24 and FY29
- Forecast includes possible future rate increases, depending on debt service requirements.



# Wastewater Fund Five-Year O&M Forecast

(in 000s)

	FY25 Est.	FY26	FY27	FY28	FY29	FY30
<b>Beginning Working Capital</b>	<b>\$17,768</b>	<b>\$15,185</b>	<b>\$11,496</b>	<b>\$9,362</b>	<b>\$7,514</b>	<b>\$5,714</b>
Total Revenues	25,138	25,223	25,050	25,287	25,600	27,917
Total Operating Expenses	8,294	8,982	9,320	9,704	9,704	9,962
Transfers & Other (Sources) / Uses	19,428	19,930	17,864	17,431	17,696	17,688
<b>Ending Working Capital</b>	<b>\$15,185</b>	<b>\$11,496</b>	<b>\$9,362</b>	<b>\$7,514</b>	<b>\$5,714</b>	<b>\$5,980</b>
<b>Over (Under) Working Capital Required</b>	<b>\$11,371</b>	<b>\$7,393</b>	<b>\$4,937</b>	<b>\$2,648</b>	<b>\$530</b>	<b>\$661</b>

- FY25-FY29 include one-time cash for capital transfers totaling \$26,000,000.
- Forecast reflects a 64% increase in debt service between FY24 and FY29
- Forecast includes a future rate increase, depending on debt service requirements.



# HOT Fund Five-Year Forecast

(in 000s)

	FY25 YEE	FY26	FY27	FY28	FY29	FY30
<b>Beginning Fund Balance</b>	<b>\$17,001</b>	<b>\$18,820</b>	<b>\$13,356</b>	<b>\$14,187</b>	<b>\$16,134</b>	<b>\$18,385</b>
Revenues	9,357	9,360	9,398	9,561	9,865	10,083
Operating Expenditures	6,089	7,153	5,340	5,818	5,744	5,885
Non-Operating Expenditures & Transfers	<u>1,449</u>	<u>7,671</u>	<u>3,228</u>	<u>1,796</u>	<u>1,870</u>	<u>1,951</u>
<b>Ending Fund Balance</b>	<b>\$18,820</b>	<b>\$13,356</b>	<b>\$14,187</b>	<b>\$16,134</b>	<b>\$18,385</b>	<b>\$20,632</b>

- FY26 reflects \$6.0 million planned for the baseball improvements at Veteran's Park. This transfer was projected at \$8.0 million in FY25, but is being reduced as amounts are refined.



# Other Funds

Subfunds to the General Fund  
Community Development Fund

Impact Fee Funds

TIRZ Funds

Court Funds

Police Seizure Fund

Cemetery Funds

Public, Educational and Governmental (PEG)

Access Channel Fee Fund

R. E. Meyer Estate Restricted Gift Fund

Fun For All Playground Fund

Northgate Parking Fund

Roadway Maintenance Fee Fund

Park Land Dedication Projects

Sidewalk Zone Funds

Property & Casualty Fund

Worker's Compensation Fund

Unemployment Insurance Fund

Replacement Funds

Utility Customer Service Fund



A dark, stylized image of the College Station City Hall building, featuring a clock tower and arched windows. The building is centered in the upper half of the slide.

# Questions/Direction