

FY 2026 City Manager's Proposed Budget

August 7, 2025



Budget Goals



Prioritize initiatives that support the Strategic Plan

Full or phased implementation of the 2025 market compensation study

Identify one-time funding for critical public safety upgrades

Continue to identify opportunities for generating additional non-primary revenue in the General Fund

Focus on timely, and efficient delivery of the 2023 bond program

Ensure operating costs are allocated to support capital projects coming online

Leverage opportunity to shift a portion of the I&S rate to the O&M rate

Maintain the strength of our financial reserves, ensuring long-term fiscal security and stability.

FY 2026 Proposed Budget

Highlights



- 1 Tax rate held flat in comparison to prior year
- 2 Lowest level of property value growth since FY 2013
- 3 Approximately \$7 million in new initiatives and investments that tie directly back to the Strategic Plan
- 4 Prioritizes recurring capacity for compensation adjustments to align with market
- 5 5 positions – 2 full time and 3 part time included in proposed budget, all within the Police Department
- 6 One-time funding set aside for critical public safety and facility investments
- 7 Continued fee modifications planned to be considered concurrently with budget approval
- 8 Fund Balance/reserve target maintained in the General Fund

FY 2026 Proposed Tax Rate



Proposed Tax Rate



▲ FY 2026 Tax Rate Approach

- Total rate is flat in comparison to prior rate
- Shifts 1 penny from the Debt Service portion of the rate to the General Fund portion
- Sufficient borrowing capacity to support:
 - 2023 Bond Program
 - Rolling tax note program currently deferred to future years

40.89¢

21.50¢

Maintenance and
Operations Portion
(General Fund)

19.39¢

Interest and Sinking
Portion
(Debt Service)

Recent Tax Rate History



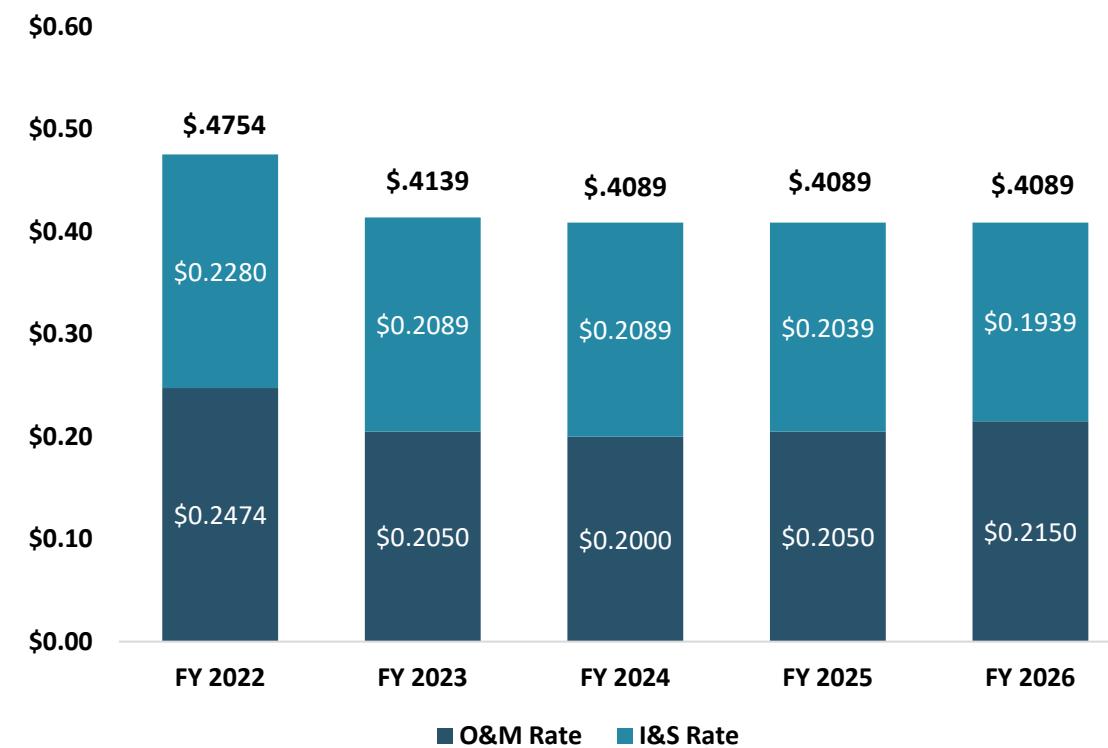
- Since FY 2020, the City's property tax rate has been reduced by approximately 7.9 cents.

- The Proposed Rate is below the No-New Revenue (NNR) Rate Voter Approval Rate (VAR)

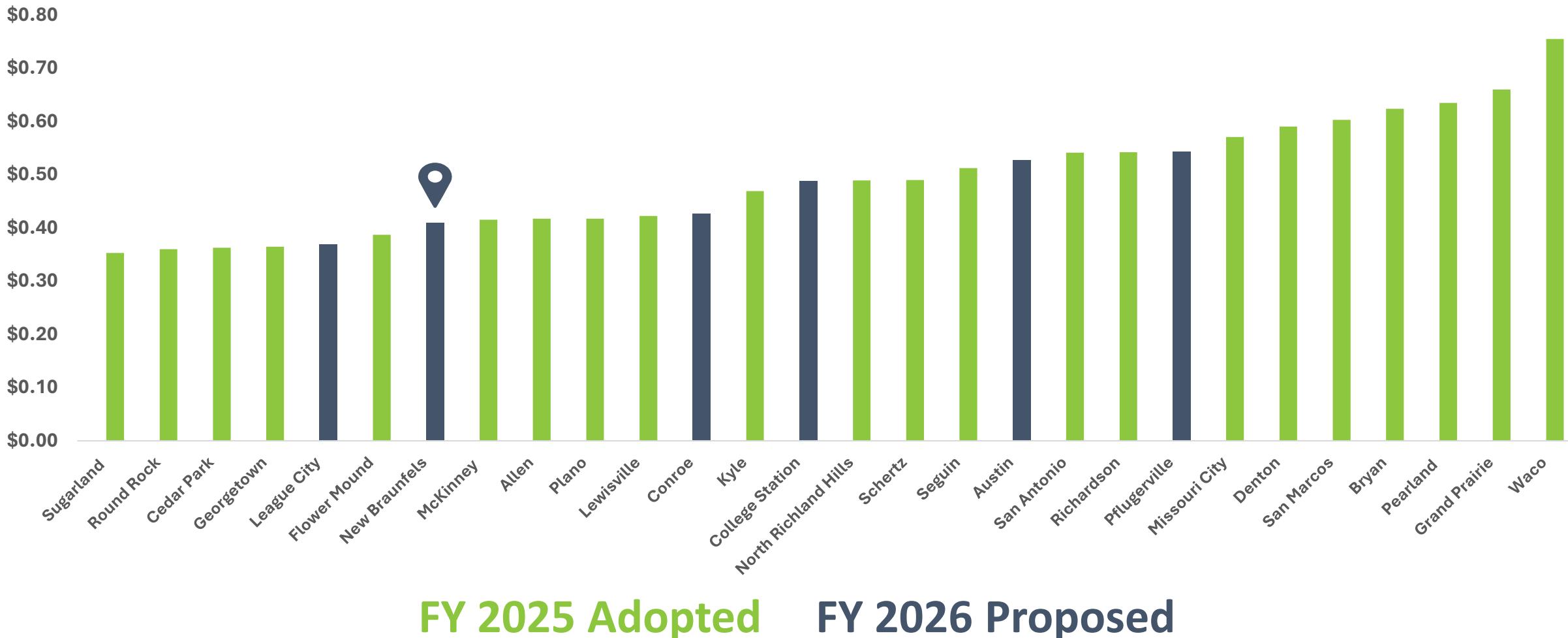
- The NNR is the rate needed to generate the same adjusted levy from the prior year on existing properties.
- The VAR is the highest rate that can be adopted without triggering an election and includes unused increment rate rolled over from FY 2023, FY 2024 & FY 2025 – 0.89 cents.
- Therefore, 41.93 cents is the highest rate that could have been proposed without triggering an automatic election

Current Tax Rate	\$.4089
Proposed Tax Rate	\$.4089
Voter Approval Rate	\$.4193
No-New Revenue Rate	\$.4095

Total Property Tax Rate - Recent History



Tax Rate Comparison



FY 2025 Adopted

FY 2026 Proposed

Total Certified Values



\$20,000,000,000

\$18,000,000,000

\$16,000,000,000

\$15,004,500,000

\$14,000,000,000

\$2,416,400,000

\$12,000,000,000

\$10,000,000,000

\$8,000,000,000

\$6,000,000,000

\$4,000,000,000

\$2,000,000,000

\$-

2024 - Total Certified Values

\$15,509,800,000

\$ 2,363,000,000

13,146,800,000

2025 - Total Certified Values

■ Comal County ■ Guadalupe County

Total Taxable Values

Freeze/TIRZ Adjusted



\$18,000,000,000

\$16,000,000,000

\$14,000,000,000

\$12,610,100,000

\$12,000,000,000

\$2,303,500,000

\$10,000,000,000

\$8,000,000,000

\$6,000,000,000

\$4,000,000,000

\$2,000,000,000

\$-

\$10,306,600,000

\$13,084,600,000

\$2,238,800,000

\$10,845,800,000

2024 - Total Taxable Values

2025 - Total Taxable Values

■ Comal County

■ Guadalupe County

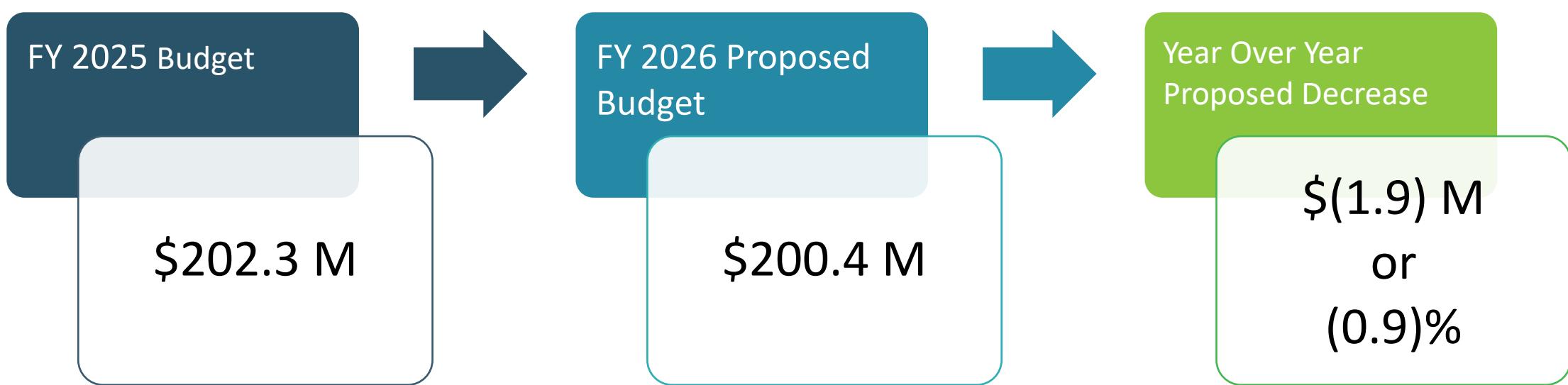
Revenue and Expenditures

All Funds



Total Revenue Comparison

All Funds

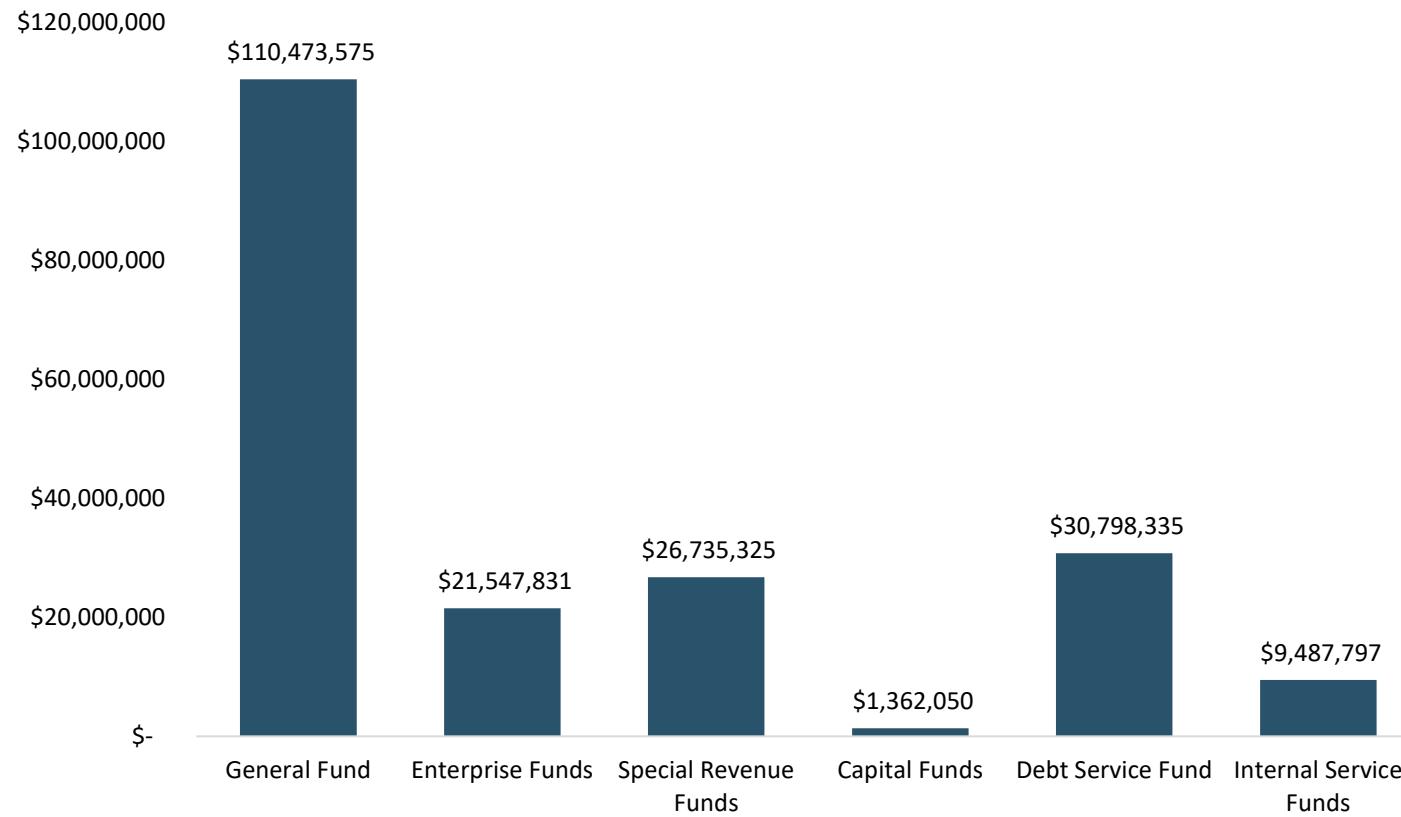


FY 2026 Budgeted Revenue

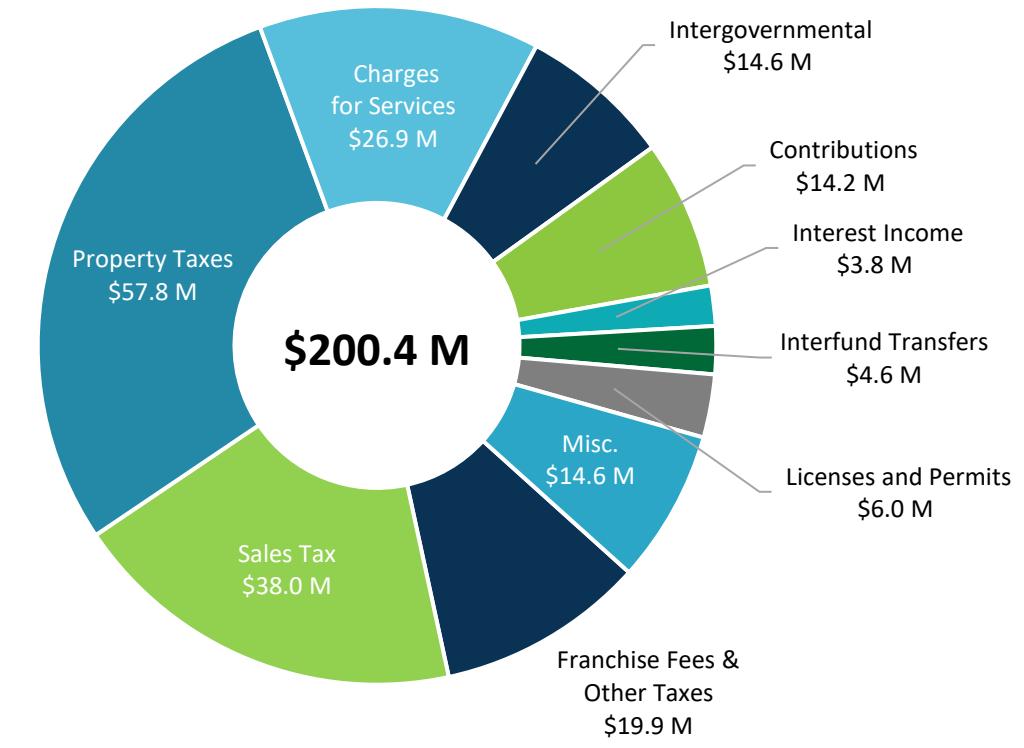
Total - \$200.4 million



FY 2026 All Funds
Revenue by Fund

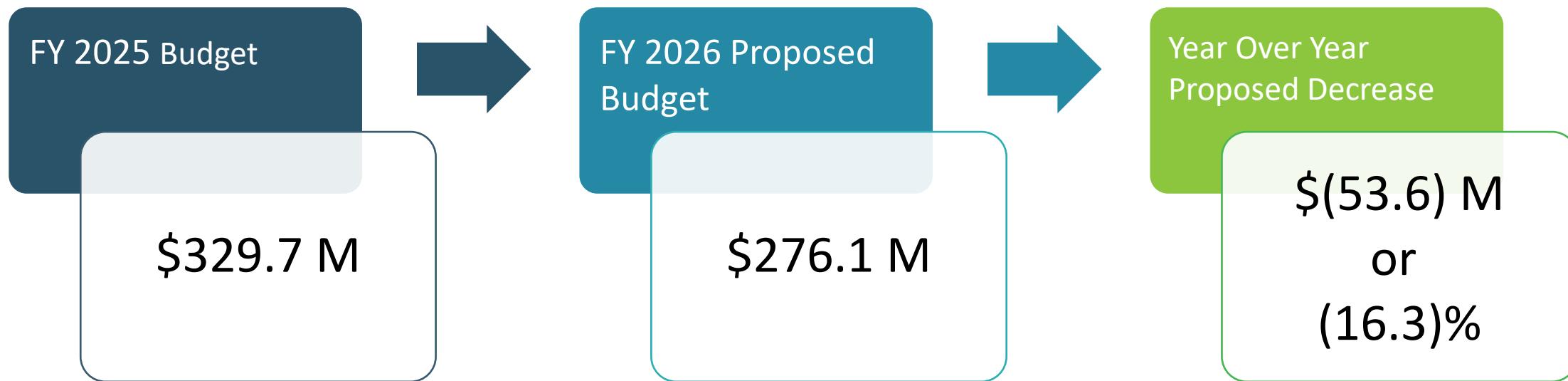


FY 2026 All Funds
Revenue by Category



Total Expenditure Comparison

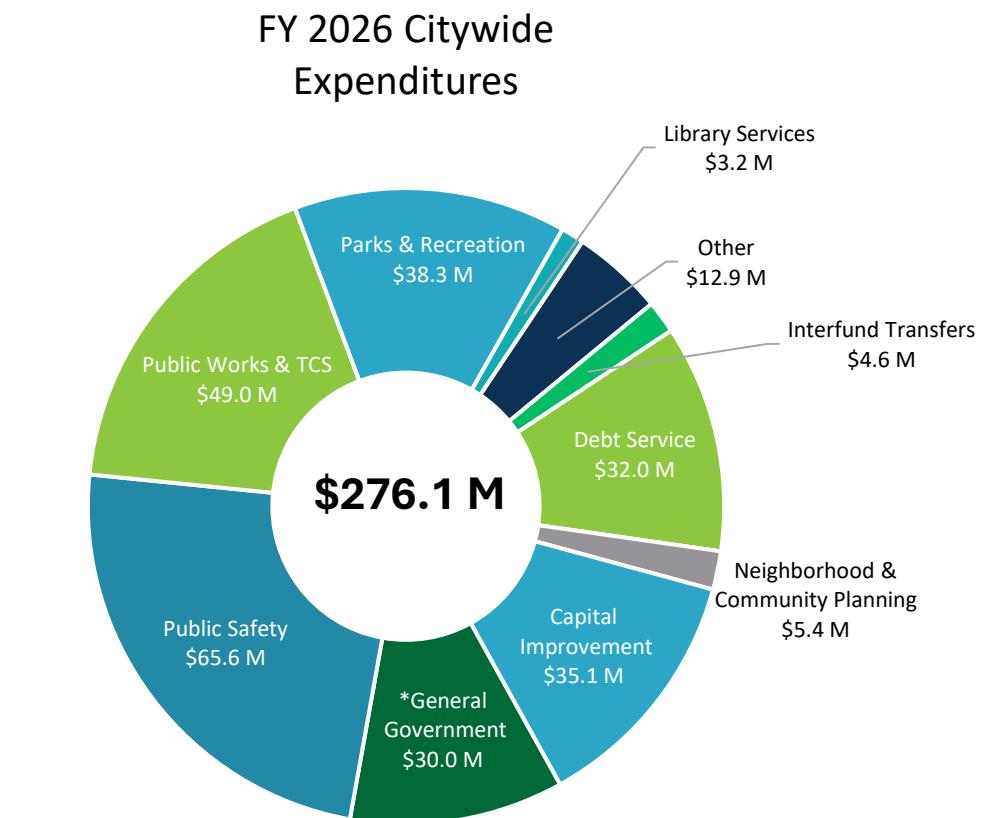
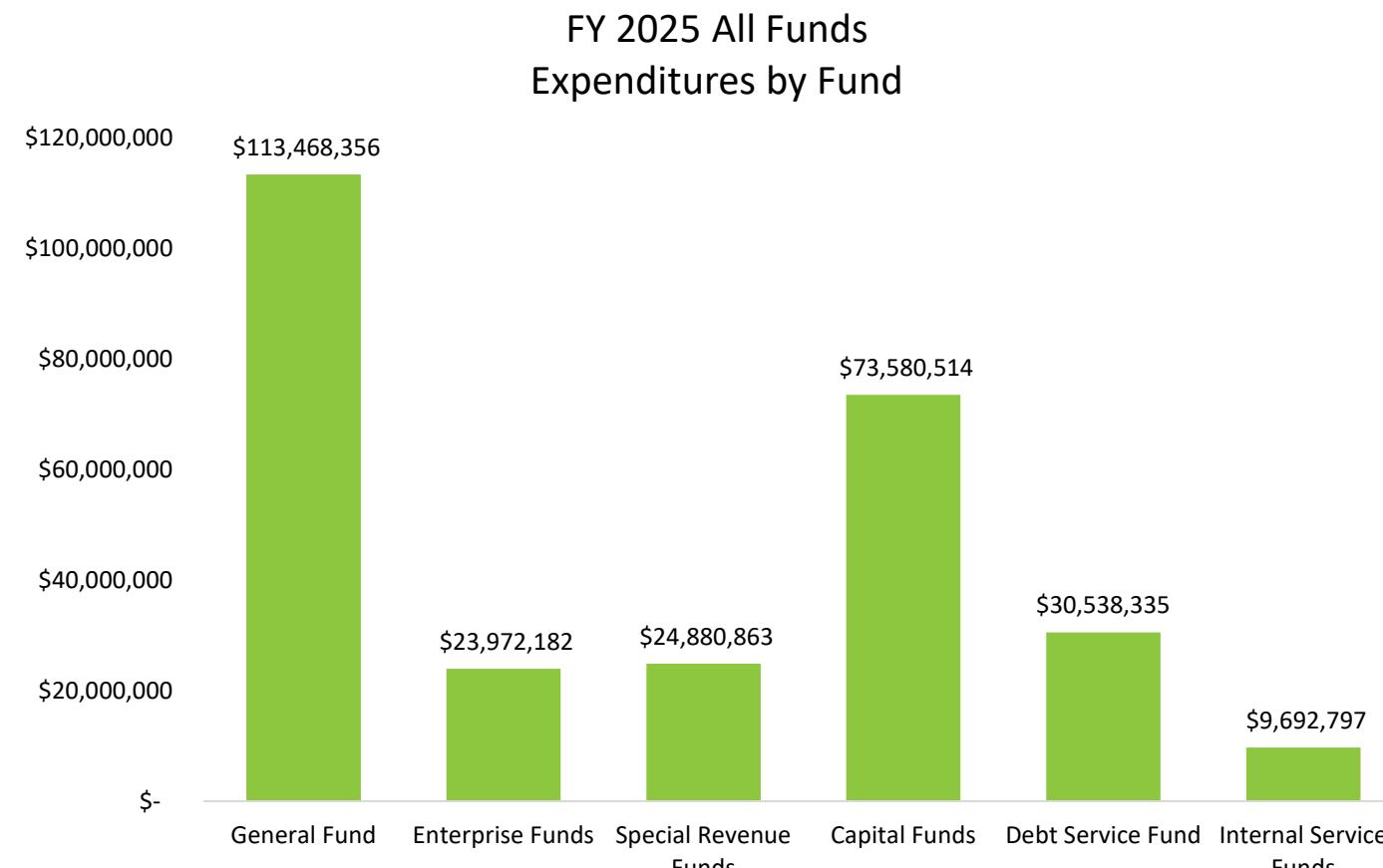
All Funds



This decrease is driven primarily by a change in budgeting methodology for capital projects, whereas only capital funds that are projected to be spent in the following year are allocated as an expenditure, as opposed to allocating all available funds as a budgeted expenditure. This enhanced project reporting and budgeting methodology was made possible by the new Finance/HR software system, Workday

Total Budgeted Expenditures

By Expenditure Type - \$276.1 Million



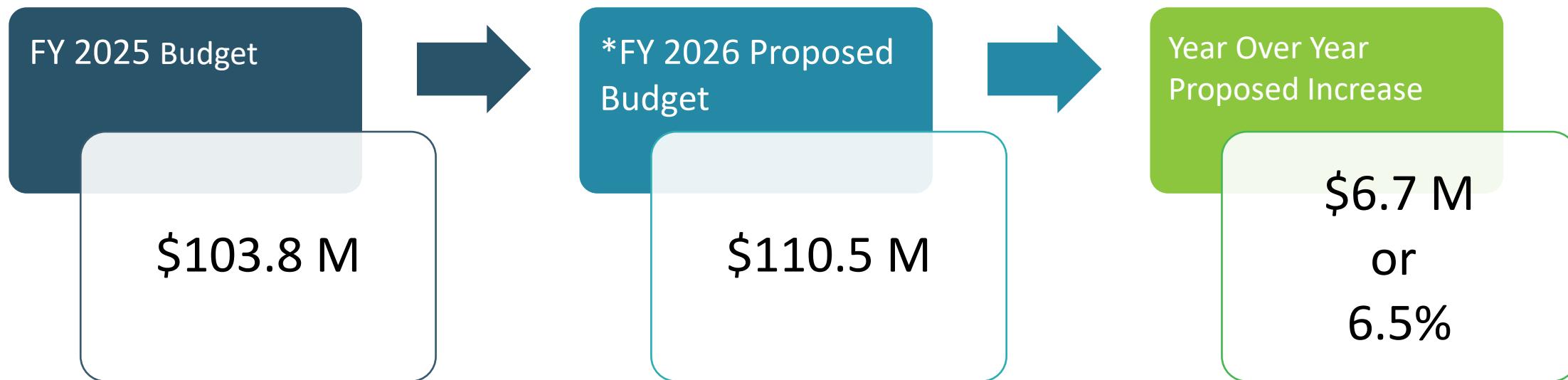
**General Government includes information technology, non-departmental costs such as all active grants, contingencies within all capital funds, as well as the full cost of the City's Self Insurance Fund.*

General Fund *Revenues*



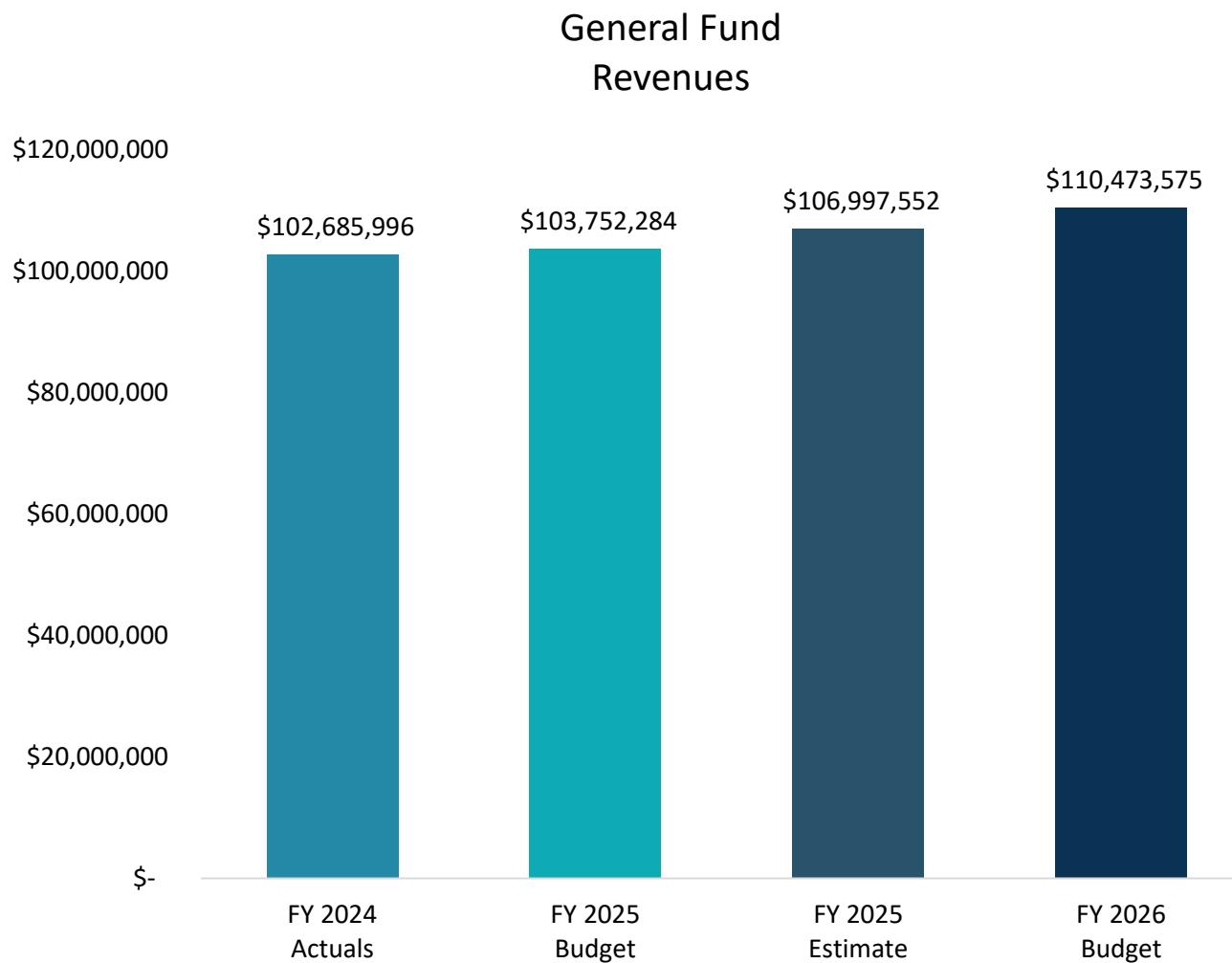
Total Revenue Comparison

General Fund

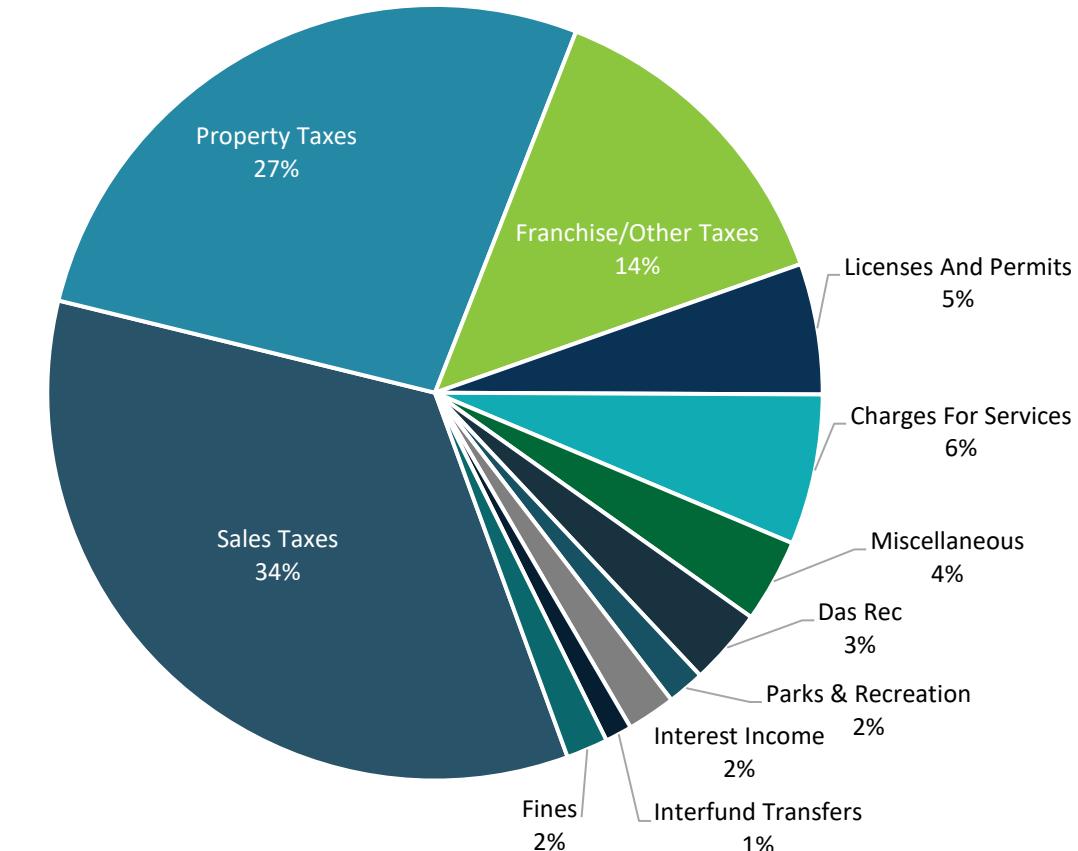


**Includes approximately \$4 million of new revenue from the renewal of the economic development partnership with HD Supply and expected amendments to the service contract with Emergency Services District #7. These funds are categorized as one-time and will only be allocated to one-time costs*

General Fund Revenue



FY 2026 General Fund Revenue by Category

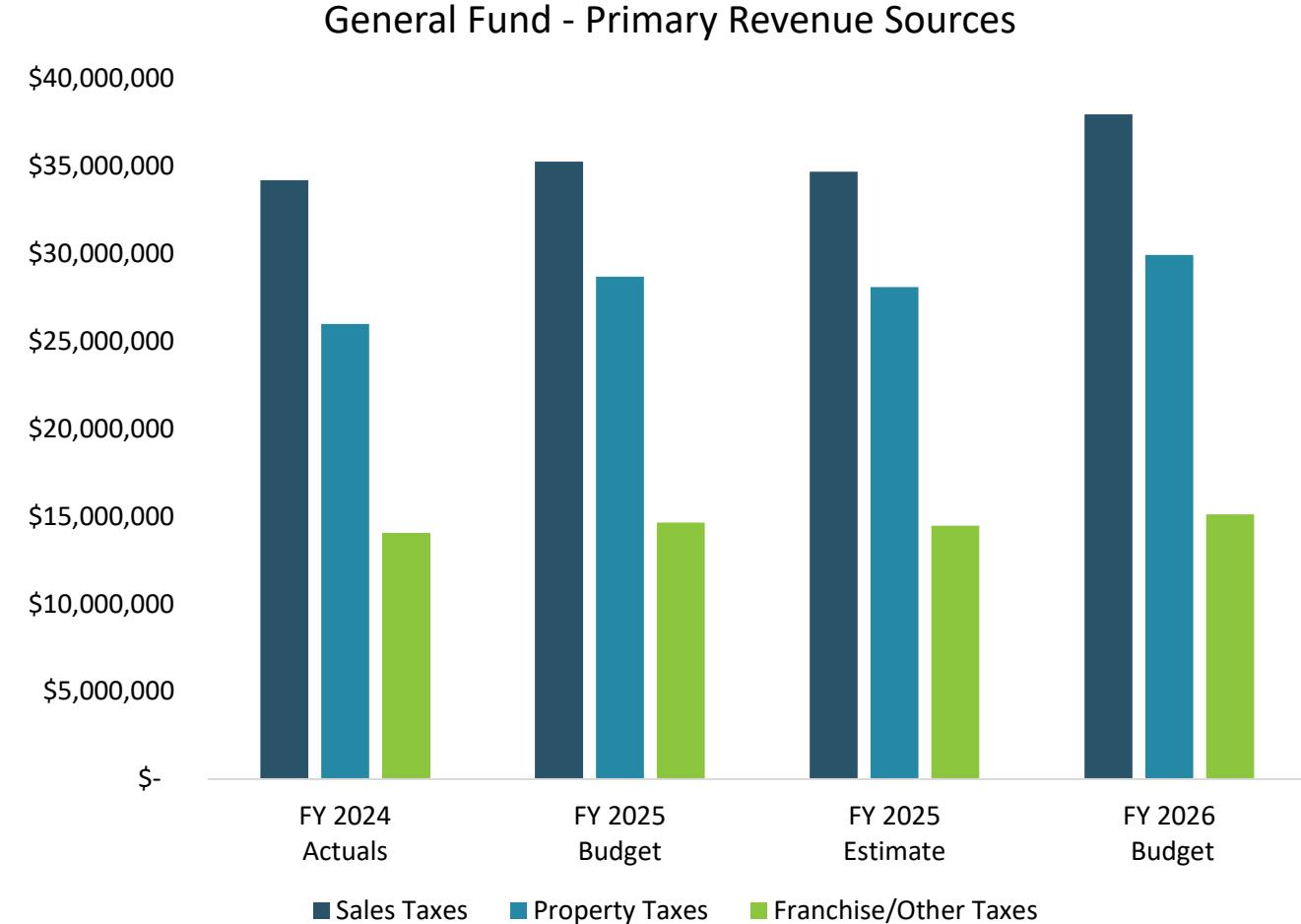


Total Revenue Comparison

Primary Revenue Sources – 75.2%



- ▲ Reducing reliance on primary revenue sources is an objective from the Strategic Plan
- ▲ At 75.2% of total General Fund revenue, primary revenues as a total of General Fund has now been trending downward for two consecutive years:
 - FY 2023 – 77.0%
 - FY 2024 – 76.5%
 - FY 2025 – 75.8%
 - FY 2026 – 75.2%



Total Revenue Comparison

Remaining General Fund Revenue – 24.8%



General Fund - Non Primary Revenue Sources

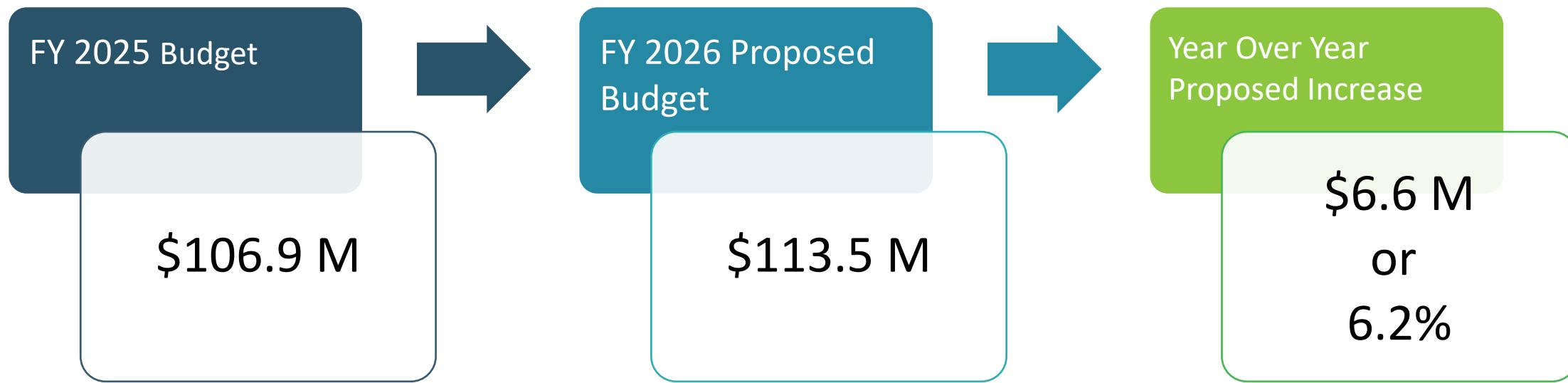


General Fund *Expenditures*



Total Expenditure Comparison

General Fund

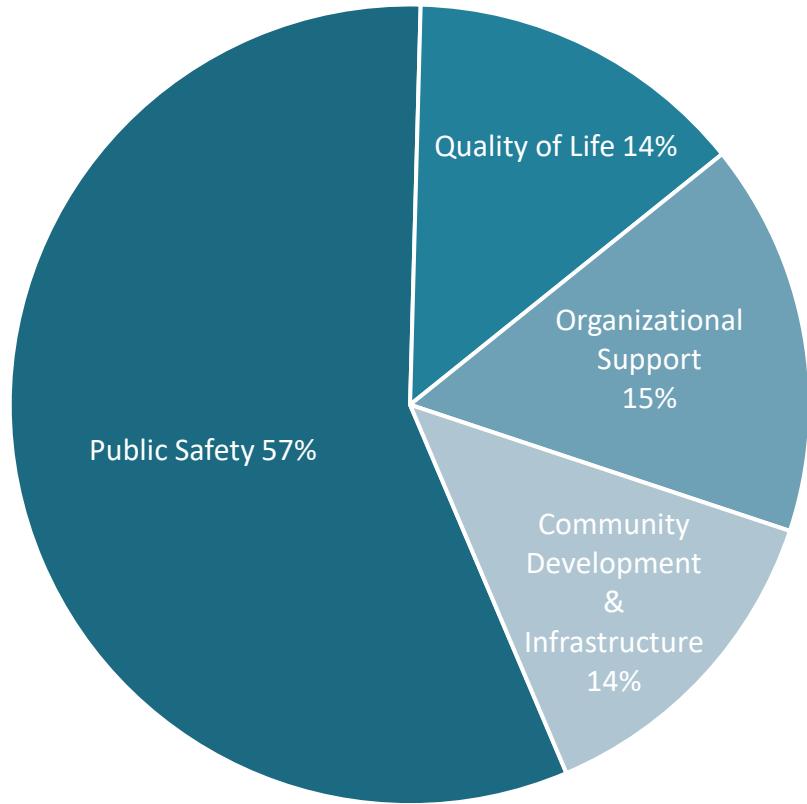


Total Expenditure Comparison

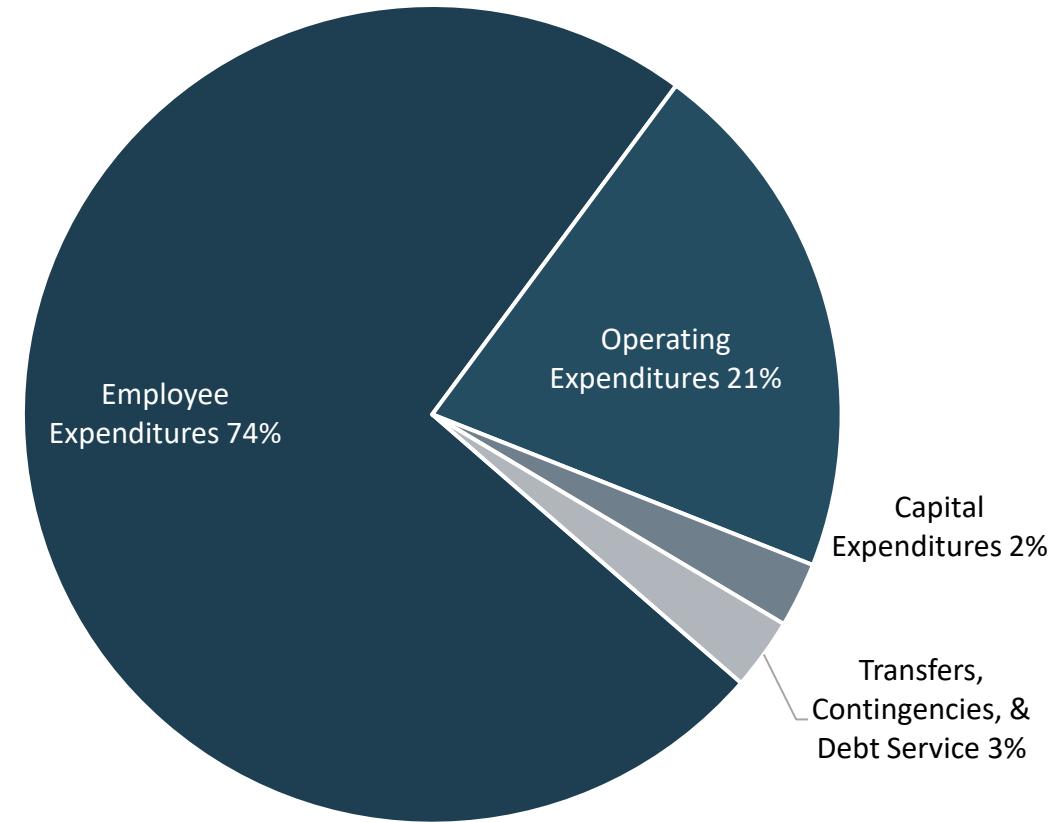
General Fund



FY 2026 General Fund Expenditures by Program Area



FY 2026 General Fund Expenditures by Category



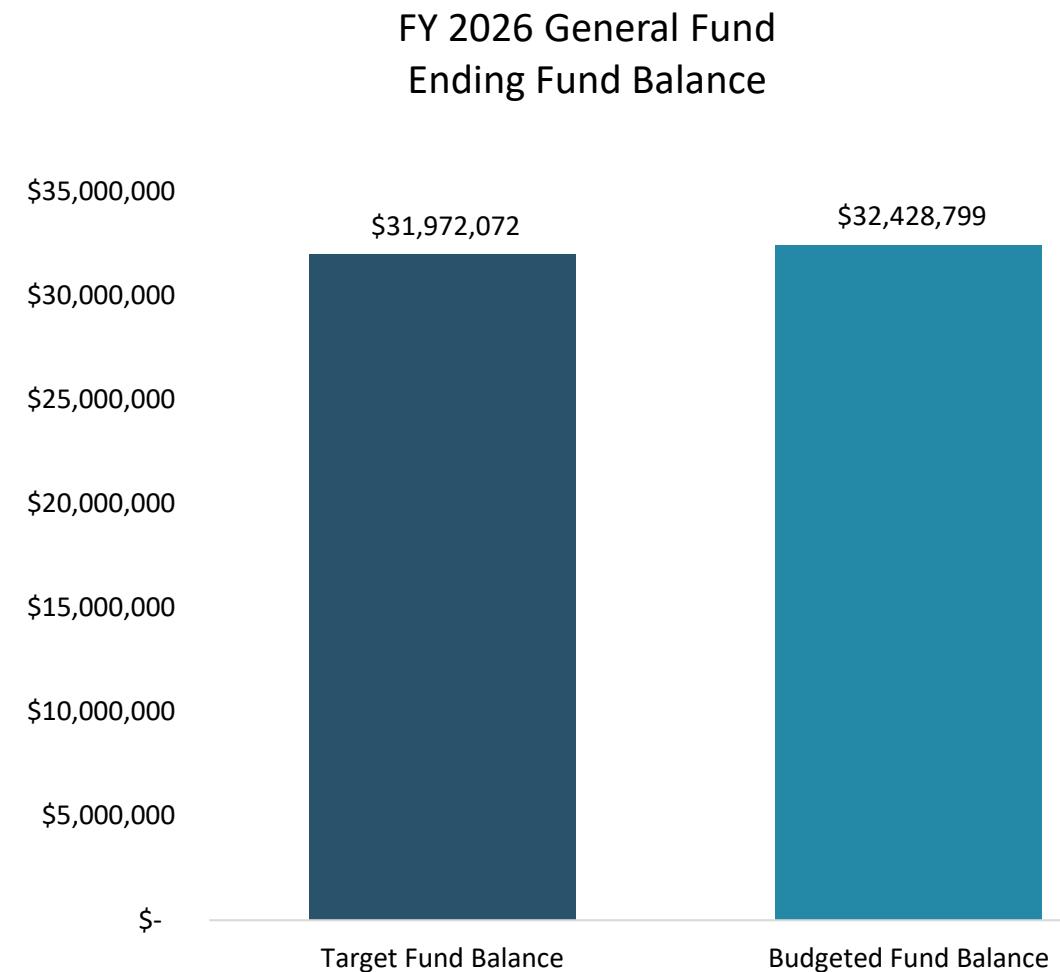
General Fund *Reserves*



FY 2026 General Fund Ending Fund Balance (Reserves)



- ▲ FY 2026 Proposed Ending Fund Balance of \$32.4 million represents 30.42% of all recurring expenditures, slightly above the City Council's target.
- ▲ The financial policy requires a minimum General Fund ending fund balance equal to 25% of all expenditures. The proposed fund balance is equal to 28.6%.
- ▲ General Fund reserves play a critical role in our ability to respond to emergencies as well as maintain the organization's AA bond rating.



FY 2026 New Initiatives

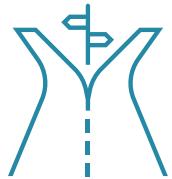


FY 2026 New Initiatives

Using the New Strategic Plan as a Guide



Economic Mobility - Create an economic ecosystem where all people have access to housing and meaningful work in order to live self-reliantly within the community.



Enhanced Connectivity - Coordinate land use with strategic investments in multimodal transportation, so residents and visitors can travel safely and easily throughout the city.



Community Identity - Foster a sense of community for all city residents, preserve the City's key historic and cultural assets, expand cultural programming, and take advantage of development opportunities that complement the city's unique heritage.



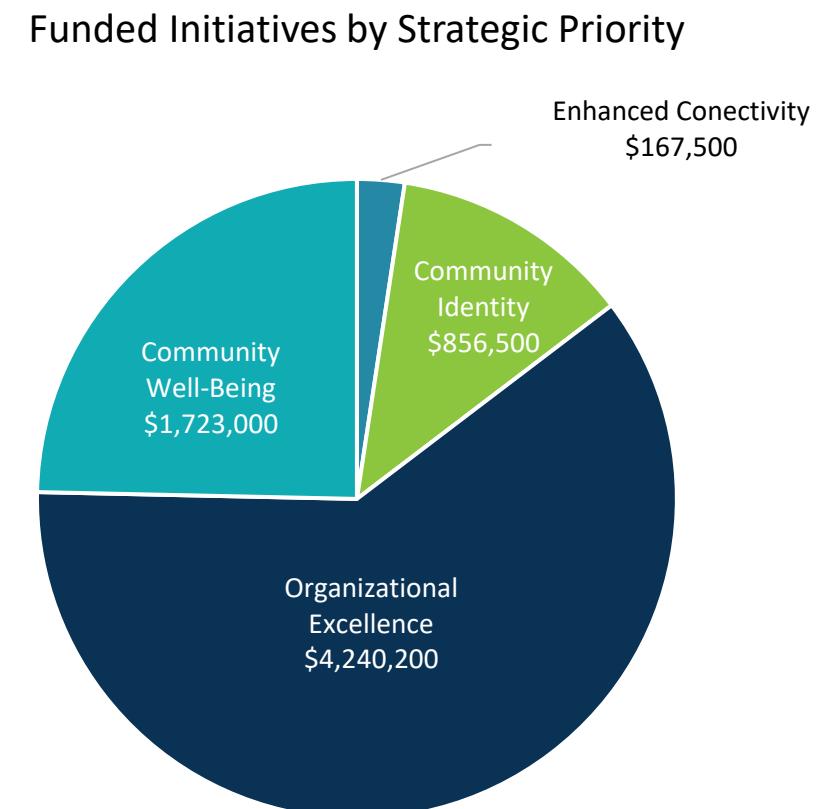
Organizational Excellence - Use data-driven decision-making to provide efficient, effective, and high-quality services.



Community Well-Being – Implement services that enhance health and well-being to improve overall quality of life for residents.

FY 2026 New Initiatives

Using the New Strategic Plan as a Guide



The FY 2026 Proposed Budget includes approximately \$7 million in new initiatives that correlate back to the newly adopted Strategic Plan

FY 2026 New Initiatives

Using the new Strategic Plan as a guide – Objectives and Performance Measures Supported



New Initiatives - Objectives/Performance Measures Supported

25

20

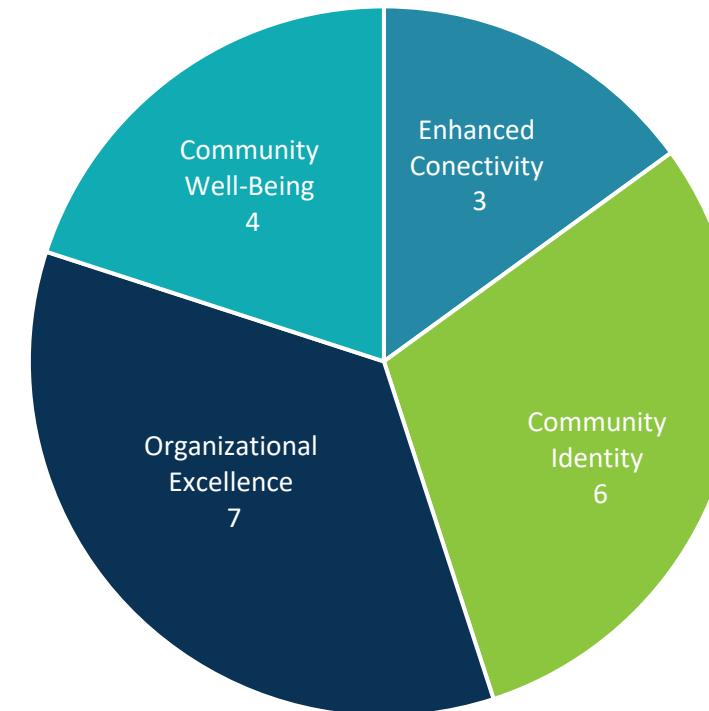
15

10

5



New Initiatives - Objectives/Performance Measures Supported by Strategic Priority





Strategic Priority – Enhanced Connectivity



Transit Manager Reclassification – The FY 2026 Proposed Budget reclassifies a position to serve as Transit Manager, providing dedicated leadership for the launch of the new “Rio” on-demand transit service. This role will oversee operations, inter-agency coordination, and regulatory compliance with FTA and TxDOT. Focused leadership is essential to ensuring the system’s efficiency, safety, and long-term success.

ADA Transition Plan Implementation Funding – To begin addressing the priorities identified in the City’s newly completed ADA Transition Plan, the FY 2026 Proposed Budget includes \$100,000 in recurring funding. This investment allows the City to tackle the highest-priority accessibility improvements while planning for long-term compliance.

Battery Backup – Only 10 of the City’s 55 signalized intersections currently have battery backup units. The FY 2026 Proposed Budget includes one-time funding to equip 8 additional intersections, improving safety and traffic operations during power outages. Additional upgrades will be prioritized in future budget cycles.



Strategic Priority – Community Identity



Digital Discovery Zones – Main and Westside Library Branches – The FY 2026 Proposed Budget funds the creation of Digital Discovery Zones at the Main and Westside library branches, offering child-friendly computers and educational tools in a dedicated, safe space for digital learning and homework support.

ROW/Beautification Operating Support – Recurring funding is included to support daily operations of the ROW/Beautification team, providing essential supplies like fuel, herbicide, and landscaping materials to maintain and enhance public spaces.

Downtown & West End Streetscape Enhancements - Funding is provided to improve streetscapes in the Downtown and West End areas through tree plantings, LED uplighting, and decorative pole banners, with potential for expansion through NBEDC partnership.

Special Event Security Enhancements - To strengthen safety at major community events, funding is included to evaluate and implement new security measures such as vehicle barriers or improved site access controls.



Comprehensive Plan Update – The FY 2026 Budget includes funding to complete the City's Comprehensive Plan update, which will guide future development, infrastructure, and housing priorities aligned with long-term community goals.

Community Tool Shed Program – Funding is included to launch a Community Tool Shed that will allow residents to borrow tools for home and neighborhood projects, assisting our citizens and promoting community engagement and beautification.

San Antonio Street Bridge Historic Display – The budget includes funding for a historic display required by TxDOT as part of the San Antonio Street Bridge reconstruction, preserving salvaged materials and commemorating the bridge's legacy.



Strategic Priority – Organizational Excellence



Police Department Replacement Vehicle Funding – The budget includes a General Fund allocation for critical police vehicle replacements, prioritized through Fleet Manager assessments due to the decision not to issue a tax note in FY 2026.

Ambulance Remount – Funding is included to remount one ambulance that has reached its lifecycle threshold, helping maintain EMS response capabilities and extend the fleet's operational life in a cost-effective manner.

Fee Modifications – The budget continues the City's phased approach to fee updates initiated in FY 2023, with a new round of adjustments to be presented during the FY 2026 budget process, aligning with the Strategic Plan's emphasis on sustainable revenue practices.



Strategic Priority – Organizational Excellence Continued



Emergency Dispatcher Shift Differential - To support fairness and retention within 24/7 operations, the budget includes funding for a night shift differential for emergency dispatchers, mirroring a similar initiative for sworn patrol officers introduced in FY 2025.

Solid Waste Commercial Division Shift Differential – A shift differential is proposed for Commercial Front Load crew members, whose irregular early morning schedules contribute to high turnover; this initiative aims to improve morale, retention, and overall service reliability.

Compensation Adjustments for City Team Members – The FY 2026 Proposed Budget includes cost-of-living and market-based pay adjustments for all employees, supporting the Strategic Plan goal of reducing turnover related to compensation and advancement while maintaining internal and market competitiveness.



Strategic Priority – Community Well-Being



Police Service Assistant Pilot Program – The FY 2026 Proposed Budget launches a pilot program for two civilian Police Service Assistant positions, allowing sworn officers to focus on critical incidents and proactive policing while offering a cost-effective solution to service demands and staffing gaps.

Part-Time Reserve Officer Positions – Three part-time Reserve Officers are proposed to enhance City Hall security and support public meetings, reducing overtime needs and freeing full-time officers for patrol assignments.



Strategic Priority – Community Well-Being



Self Contained Breathing Apparatus (SCBA) Replacement - The Fire Department's SCBA units, purchased in 2016, are nearing warranty expiration; funding is included to replace them in compliance with safety standards, reducing future maintenance costs and ensuring firefighter protection.

Flood Monitoring System Enhancements – Funding is included to assess and upgrade the City's aging flood monitoring system, with a focus on improved accuracy, alert functionality, and integration with emergency response tools.

School Zone Connectivity Alert System - The budget includes funding for a new alert system that pairs with existing school zone flashers, offering driver alerts and remote programming capabilities; the initial phase will cover half of the City's zones, with expansion planned.

New Positions



FY 2026 New Positions



- ▲ FY 2026 Proposed Budget includes two new Police Service Assistant positions and three part-time Reserve Officer positions
- ▲ As discussed during the June Workshop, this approach was necessary to prioritize capacity for compensation increases
- ▲ Previous budget cycles have allowed for additional investments towards increasing staffing levels



FY 2022-FY 2025 Staffing Additions



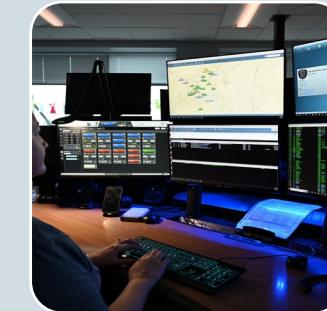
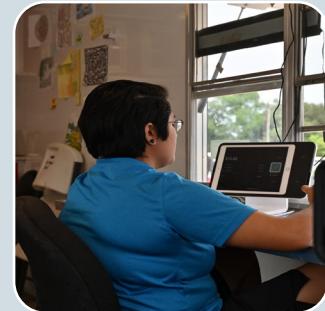
- ▲ Over the past four fiscal years, the City has added more than 108 full-time equivalent (FTE) positions.
- ▲ Approximately 60% of new FTEs support public safety.
- ▲ Recruitment Challenges and attrition have limited the organization from fully realizing the impact from adding these positions
 - Example: Police Department currently has 13 sworn Police vacancies
- ▲ The organization remains well-positioned to meet service demands with the current authorized workforce.



Other Initiatives



Examples of Other Funded Initiatives



Tactical headsets for the Police SWAT system

WRAP restraint systems for the Police Department

Two Police Department Canines

Increased Intern Program Funding

New software for ethics submission and management of internal investigations

Citywide Network infrastructure warranty extension and support services

Examples of Other Funded Initiatives



Replacement of the
City's firewall
infrastructure



Interfund transfer to
support design and
construction of the
future 306 Service
Center facility



Park Operations facility
enhancements



Landa Recreation
Center gym flooring
replacement



Leisure Pool
replaster at Das Rec

Examples of Other Funded Initiatives



Das Rec Aquatic area/party room floor replacement



Matching funding for design of runway/taxiway rehab project
(Airport Fund)



Phased funding for Golf Course bunker renovation project
(Golf Course Fund)



Audio/Visual equipment replacement
(Civic/Convention Center Fund)



Solid Waste Vehicle Replacements
(Solid Waste Fund)

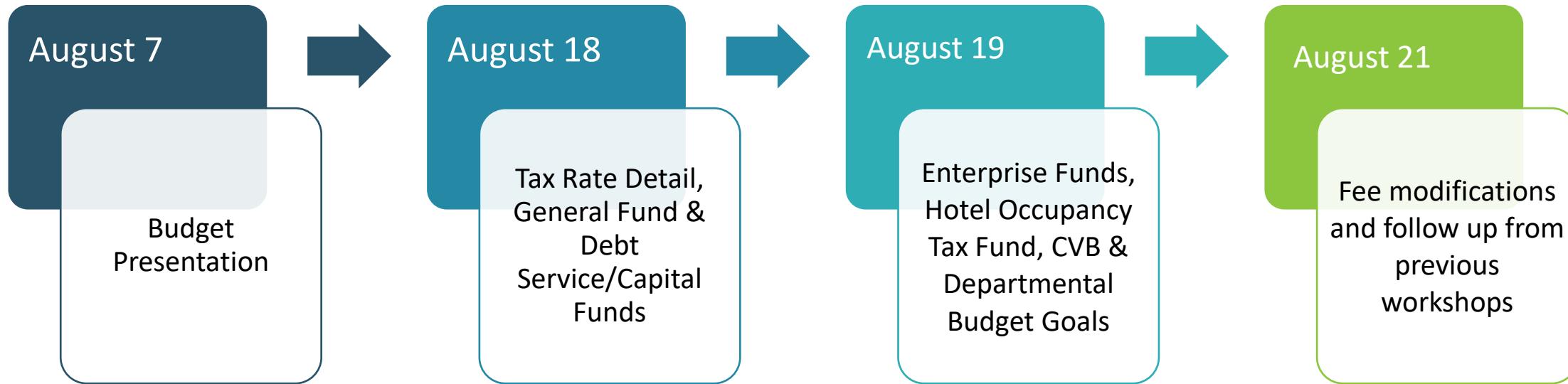
FY 2026 Proposed Budget

Highlights

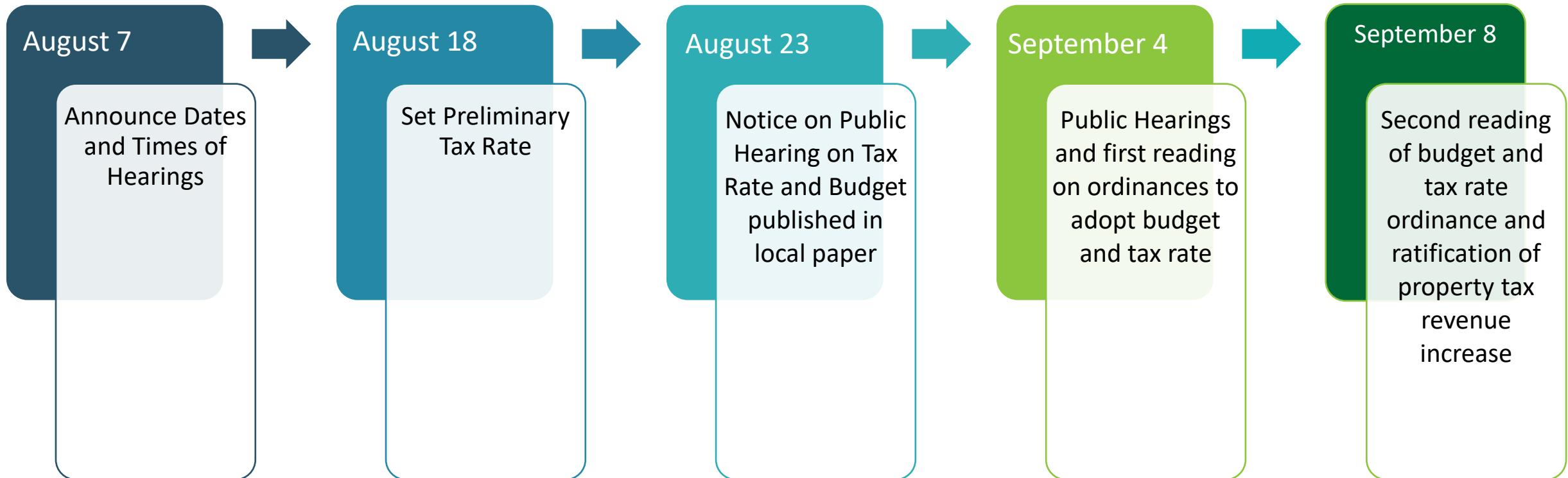


- 1 Tax rate held flat in comparison to prior year
- 2 Lowest level of property value growth since FY 2013
- 3 Approximately \$7 million in new initiatives and investments that tie directly back to the Strategic Plan
- 4 Prioritizes recurring capacity for compensation adjustments to align with market
- 5 5 positions – 2 full time and 3 part time included in proposed budget, all within the Police Department
- 6 One time funding set aside for critical public safety and facility investments
- 7 Continued fee modifications planned to be considered concurrently with budget approval
- 8 Fund Balance/reserve target maintained in the General Fund

Upcoming Budget Workshops



Tax Rate and Budget Adoption Timeline



Questions?

