

FY 2026 City Manager's Proposed Budget

August 18, 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
 - Resulted in an additional \$1.3 million in General Fund Revenue
- 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)

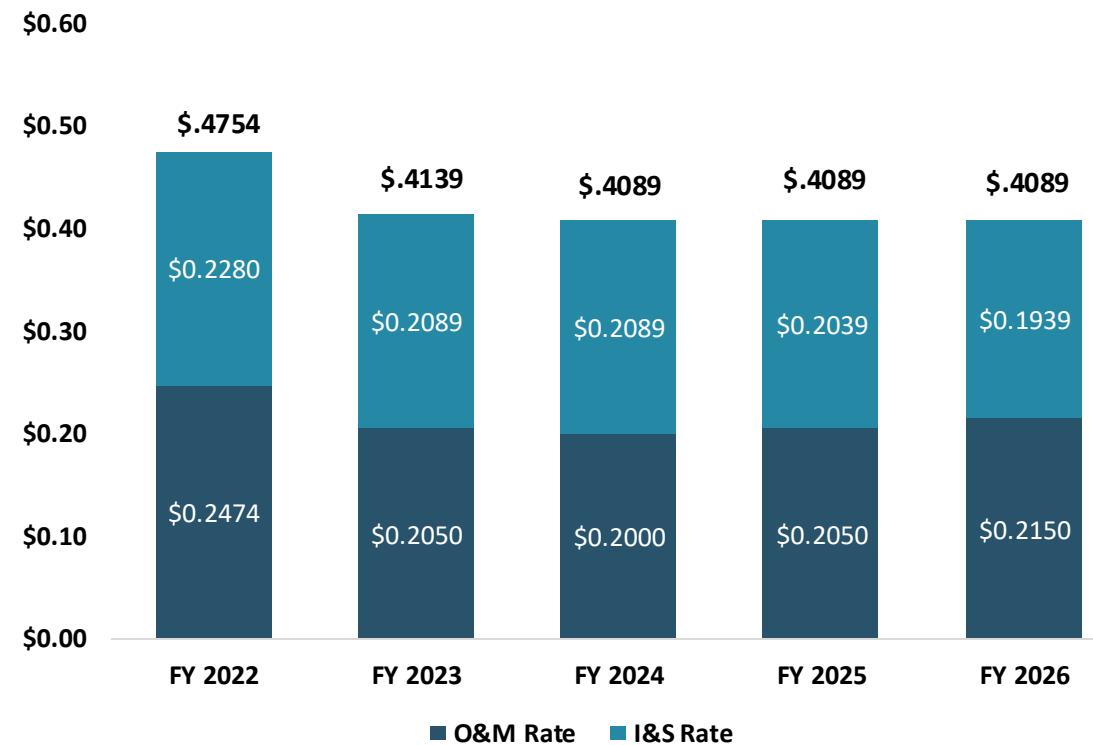
Recent Tax Rate History

- 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 and 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



No New Revenue Rate Explained



- ▲ **Purpose of NNR:** Calculates the tax rate needed to generate the same property tax revenue as the prior year, excluding new construction.
- ▲ **Adjustments Included:** Accounts for resolved protests, updated/partial exemptions, and prior-year tax refunds.
- ▲ **FY 2026 Impact:** Over \$1M in prior-year refunds increased the calculated NNR.
- ▲ **Value Growth:** Minimal growth in existing property values means the NNR is higher than the City's proposed tax rate.

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

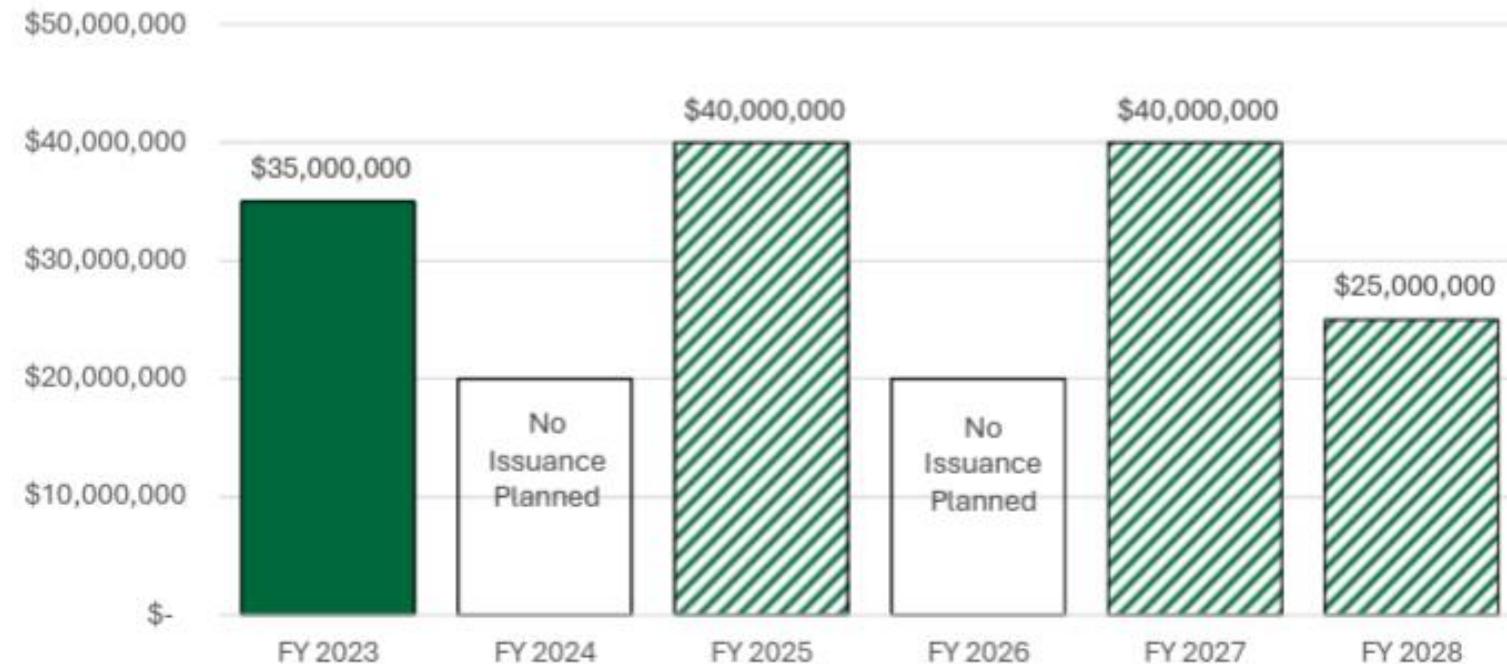
I&S Rate / Debt Service Fund



▲ FY 2026 I&S Rate - \$19.39 cents

- Proposed I&S Rate is sufficient to support remaining 2023 bonds that have yet to be issued without a tax rate increase.
- Tax note program for vehicles and equipment will be re-evaluated in FY 2027 for capacity

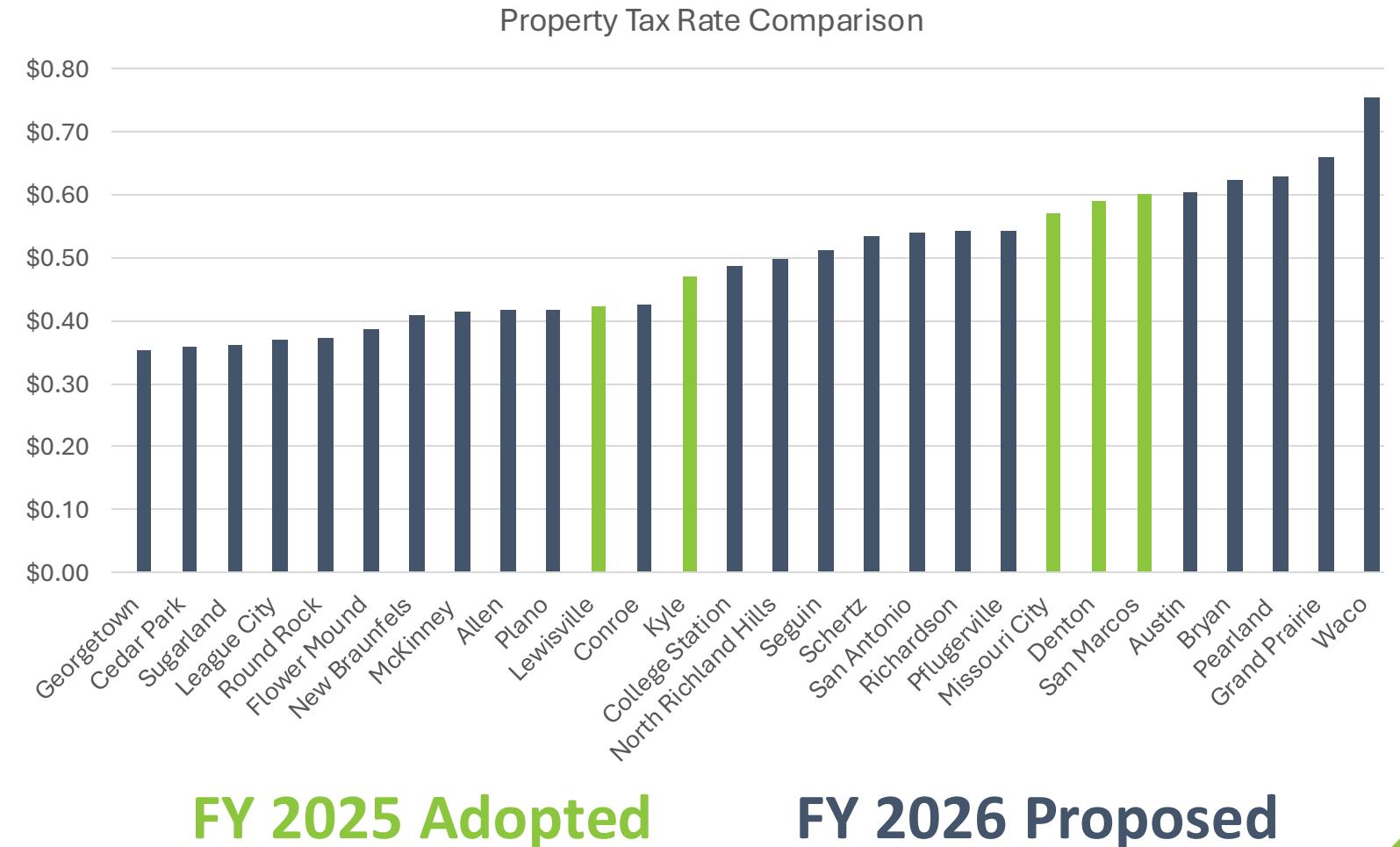
Financing Timeline - 2023 Bond Program



Tax Rate Comparison



- ▲ Across all benchmark cities, the average property tax rate is approximately 49.6 cents
- ▲ New Braunfels proposed tax rate is approximately 8.7 cents or 17.5% lower than the average across all benchmark cities
- ▲ These figures will change slightly as the remaining benchmark cities proposed their FY 2026 tax rates



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

\$12,588,100,000

\$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

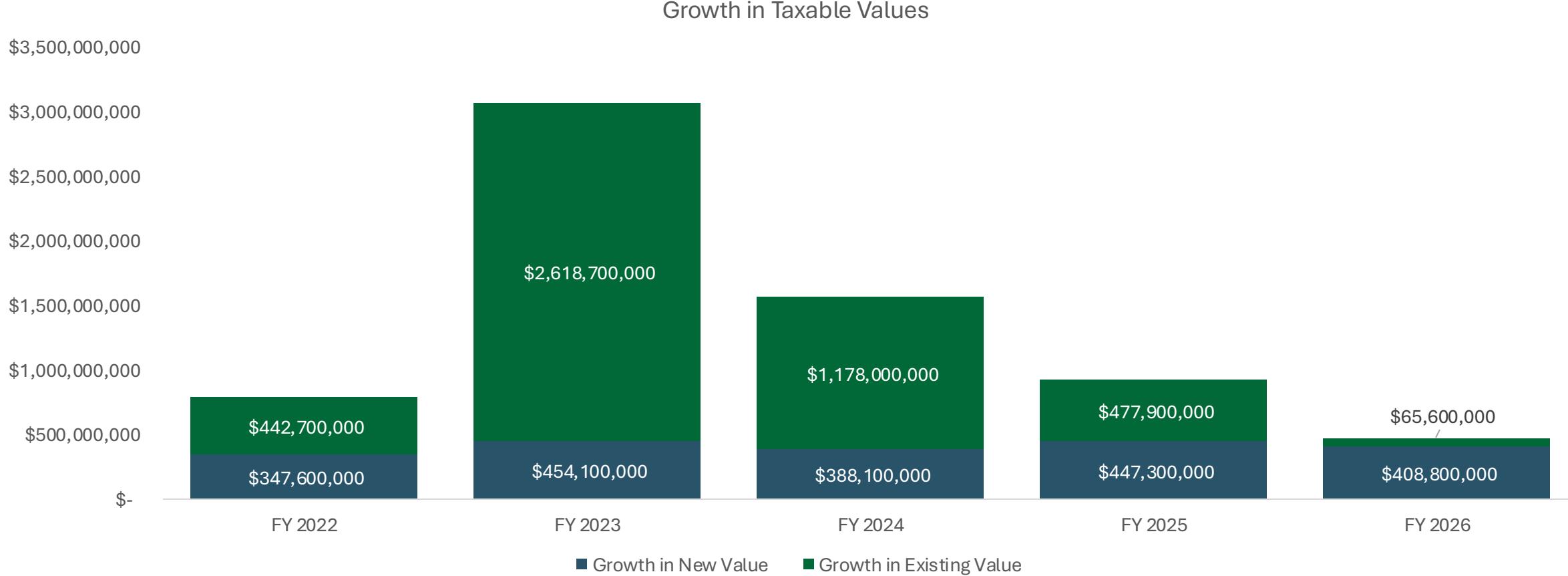
2025 - Total Taxable Values

■ Comal County

■ Guadalupe County

Growth In Taxable Values

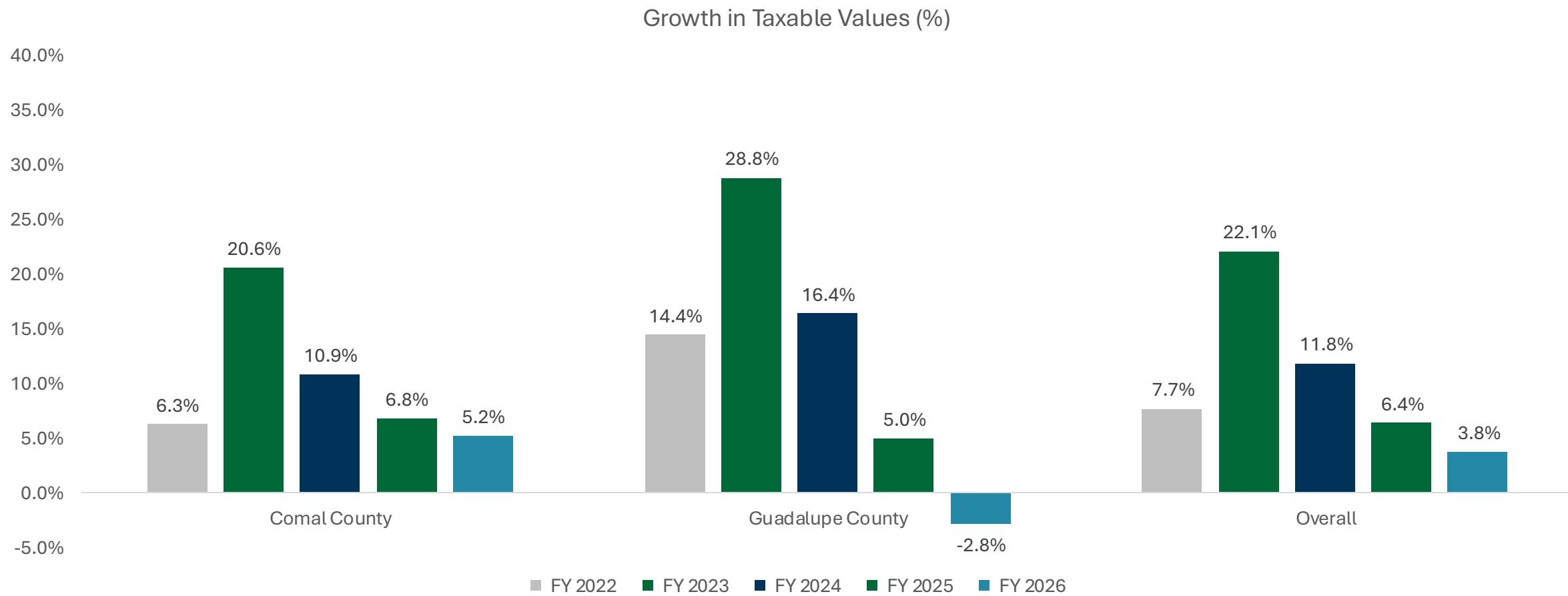
New and Existing



FY 2026 represents the lowest level of growth in existing values and overall values since FY 2013

Growth In Taxable Values

FY 2026 and Beyond



FY 2026 represents the lowest level of growth in existing values and overall values since FY 2013

City Property Taxes

Homestead Properties – City of New Braunfels (Comal County)



► Figures provided are an average of all homestead properties in Comal County

- 2024 - \$295,397
- 2025 - \$308,943

\$1,208

FY 2025 Annual city property taxes paid based on average taxable value of a homestead home property

\$1,263

FY 2026 Annual city property taxes paid based on average taxable value of homestead property

► Approximately 75% of all single-family homes qualify for a homestead exemption

**\$55 Annual Increase
(Average in Comal County)**

City Property Taxes

Homestead Properties – City of New Braunfels (Guadalupe County)



► Figures provided are an average of all homestead properties in Guadalupe County.

- 2024 - \$265,959
- 2025 - \$253,050

\$1,088

FY 2025 Annual city property taxes paid based on average taxable value of a homestead home property

\$1,034

FY 2026 Annual city property taxes paid based on average taxable value of homestead property

► Approximately 75% of all single-family homes qualify for a homestead exemption

**\$53 Annual Decrease
(Average in Guadalupe County)**

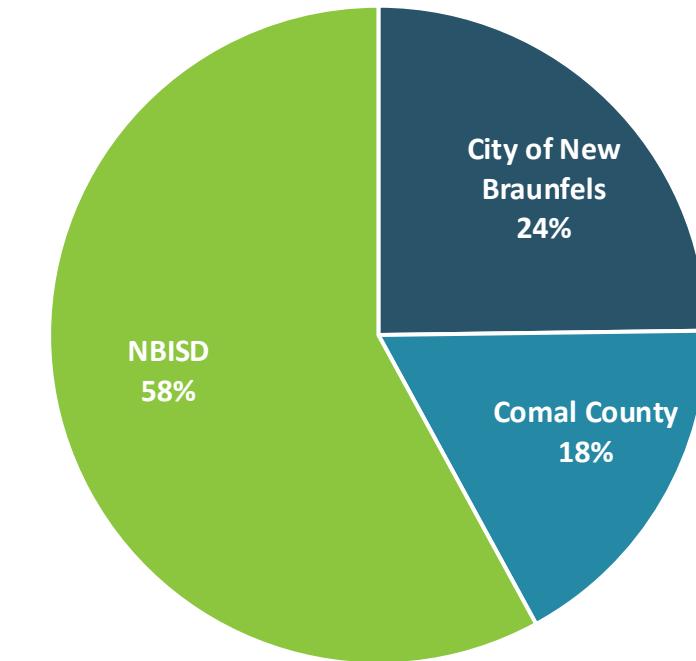
Total Property Taxes Paid

Example – Comal County/NBISD Resident



- As the graph suggests, approximately, 24% of total property taxes are paid to the City of New Braunfels, with the remaining going to the school district and county
- City residents that live in Guadalupe County and/or COMAL ISD would have a slightly different proportion, based on varying homestead exemption rates
- The proportion of taxes paid shifted slightly with the property tax relief legislation stemming from the 89th legislature
 - Does not consider impact from the potential increase in School District homestead exemption on the November ballot

Property Taxes Paid by Percentage



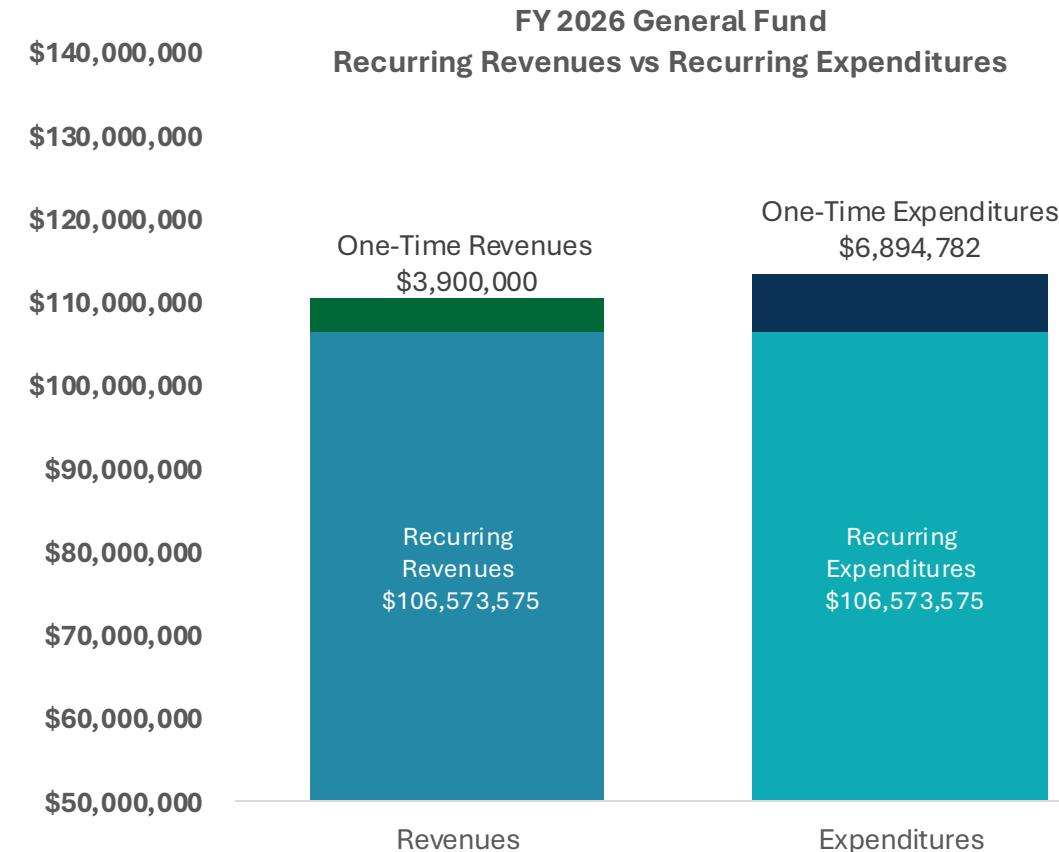
General Fund



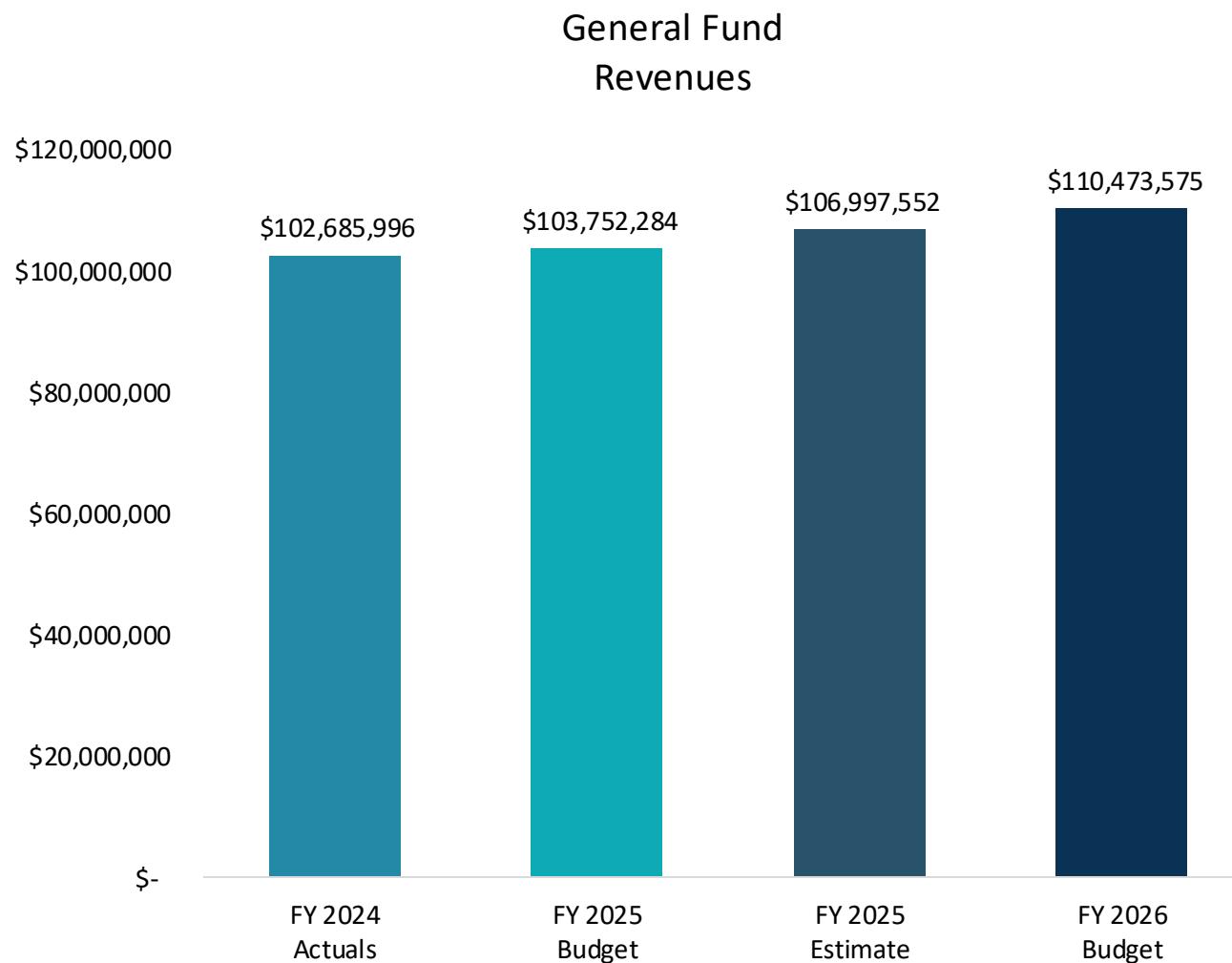
General Fund – Structurally Balanced



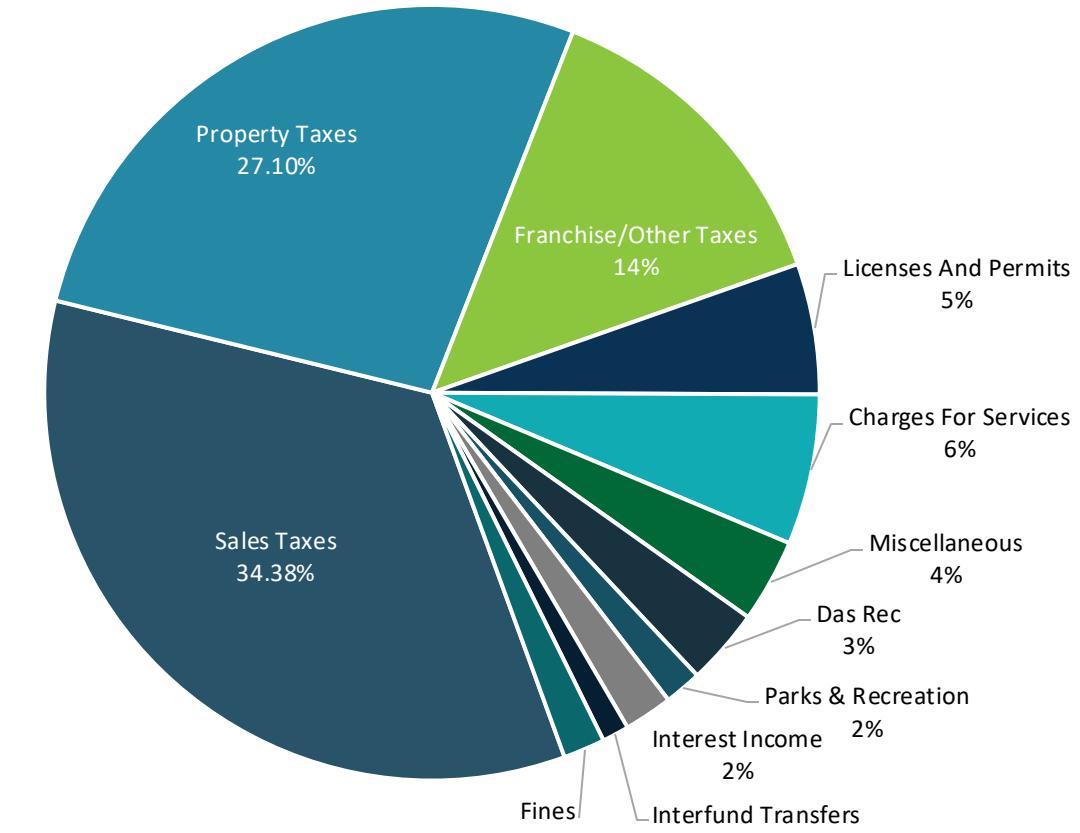
- General Fund Budget is structurally balanced, meaning that recurring revenues meet recurring expenditures
- The FY 2026 General Fund budget includes \$3.9 million in one-time revenues, entirely from an amendment to a services contract with ESD7 and the revival of the economic development partnership with HD supply.
 - ESD7 one time funding earmarked for future recurring costs for firefighters currently supported by grant funds
 - HD supply will be treated as one-time revenue for the foreseeable future until legislative direction from the state on local sales tax sourcing is confirmed
- Remaining one-time costs are funded from projected fund balance surplus in FY 2026



General Fund Revenue



FY 2026 General Fund Revenue by Category

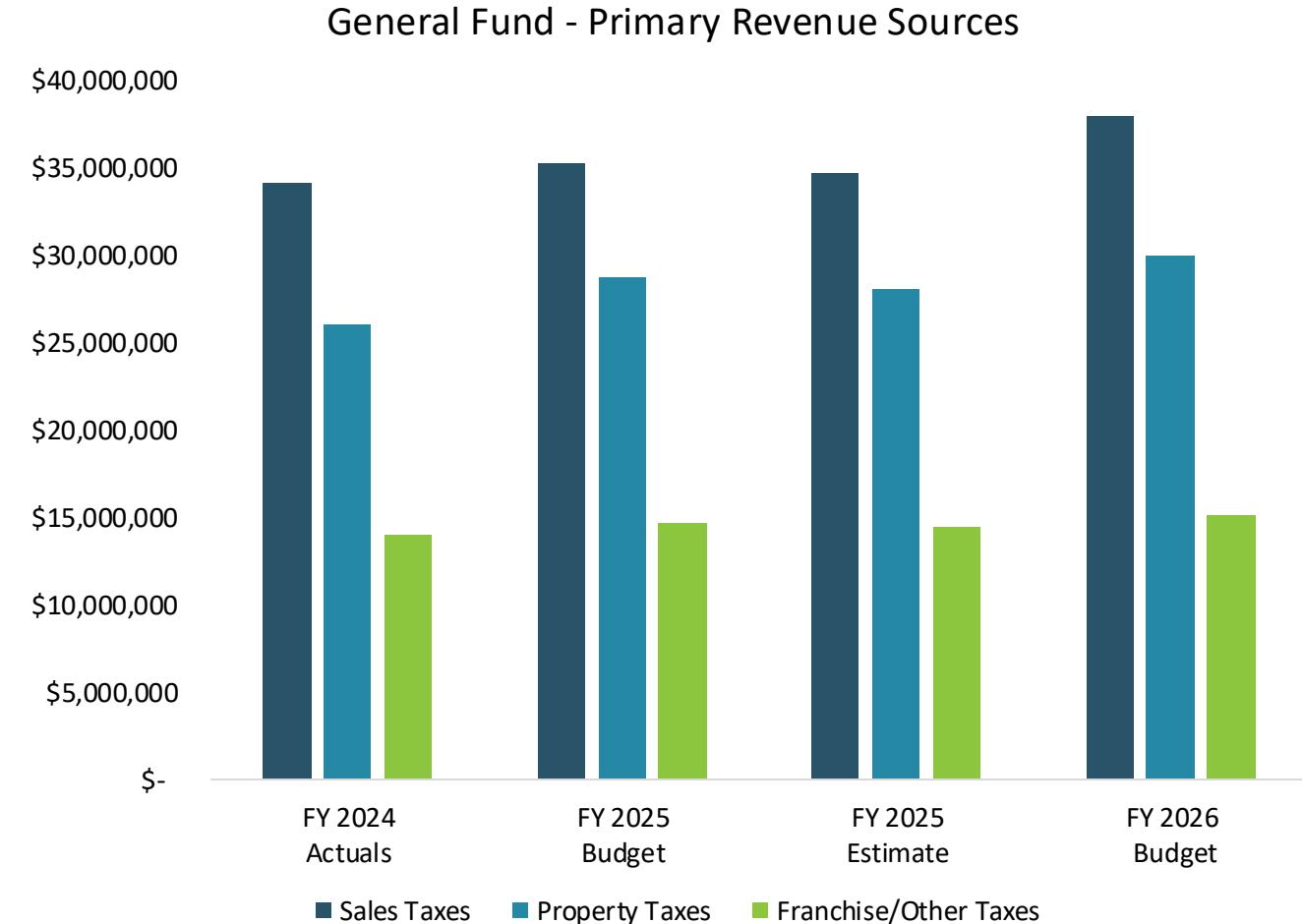


Total Revenue Comparison

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 four consecutive years:
 - FY 2023 – 77.0%
 - FY 2024 – 76.5%
 - FY 2025 – 75.8%
 - FY 2026 – 75.2%

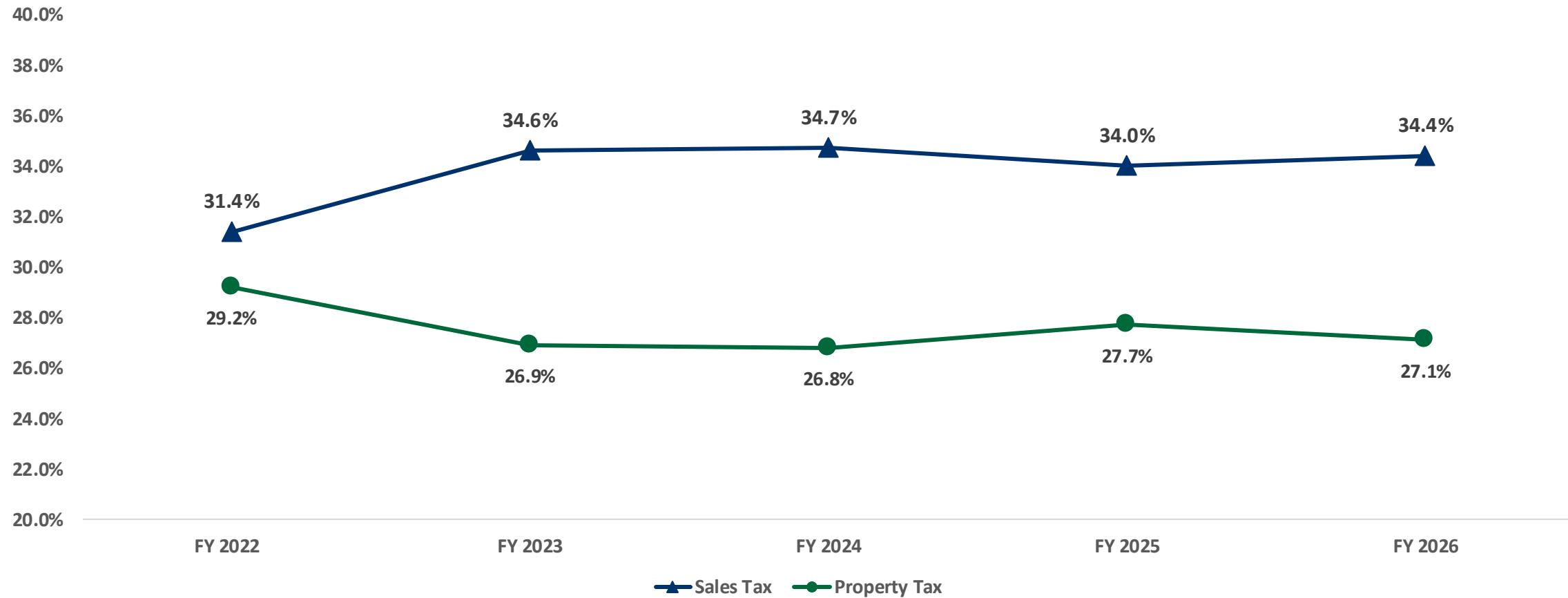


General Fund Revenue Detail

Primary Revenue Sources



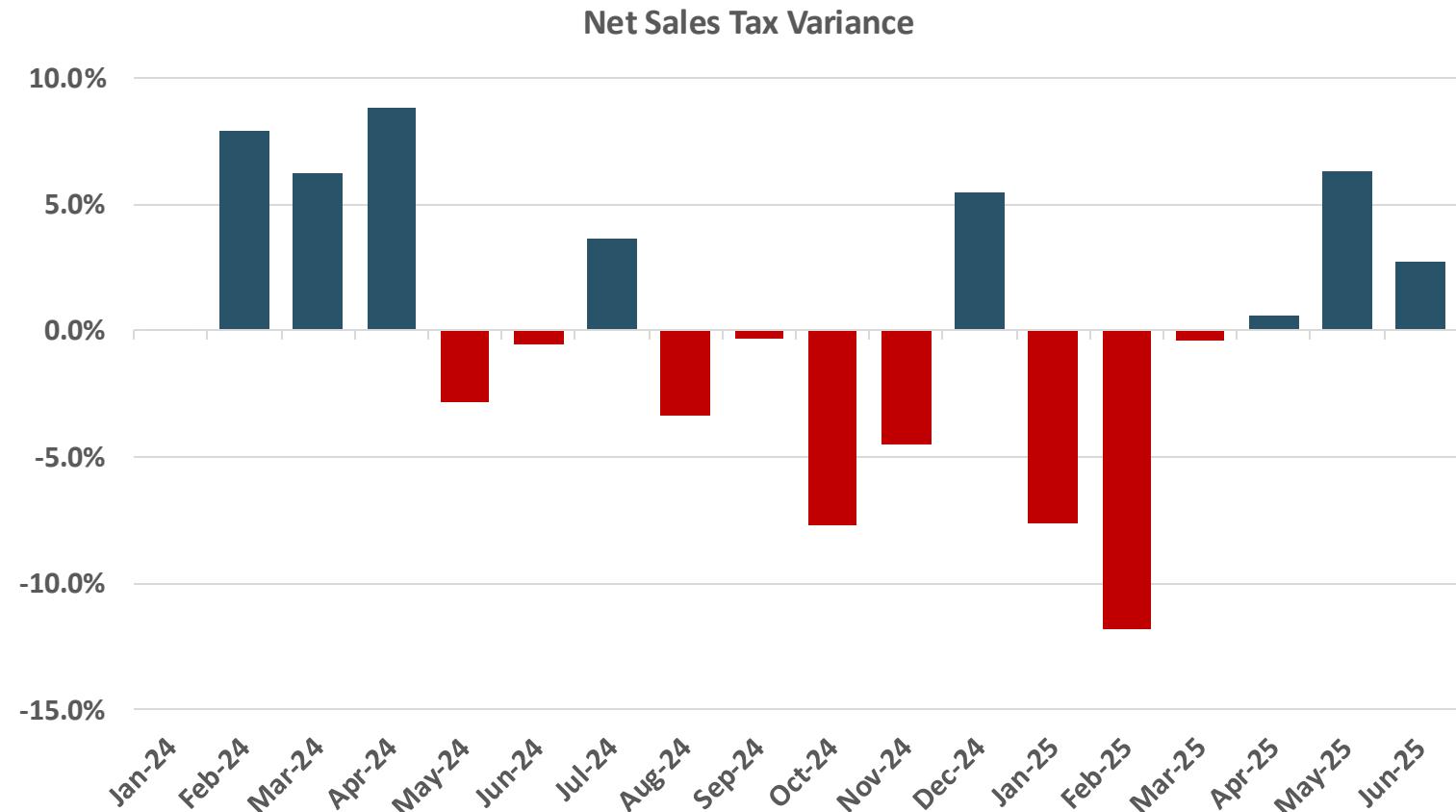
Property Taxes and Sales Taxes as a % of Total General Fund Revenues



Sales Tax Performance



- ▲ As the graph illustrates, sales tax has shown volatility over the past 18 months
- ▲ Net sales tax collections are essentially flat since January 2024 (18 months)



Total Revenue Comparison

Remaining General Fund Revenue – 24.8%

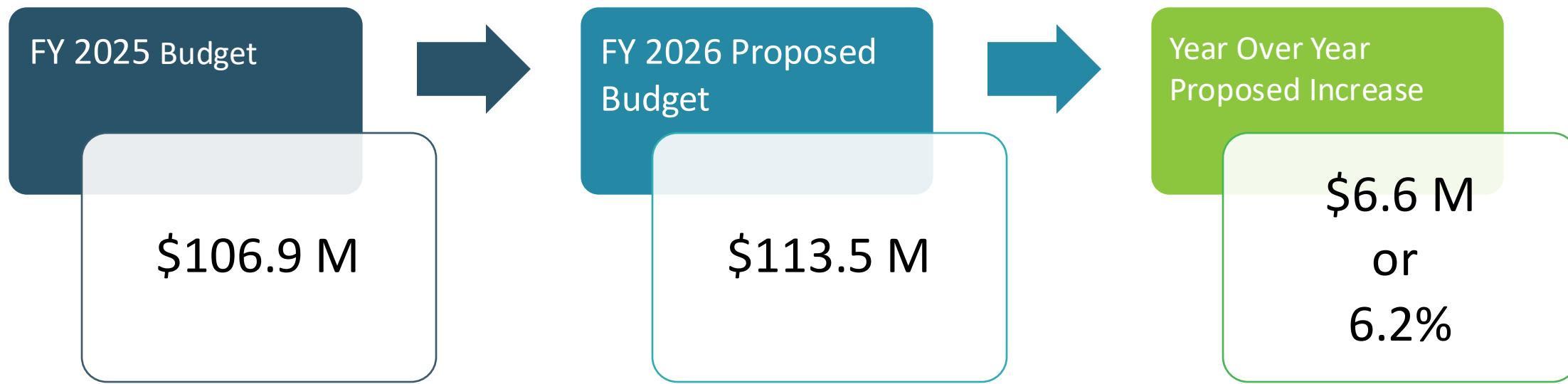


General Fund - Non Primary Revenue Sources



Total Expenditure Comparison

General Fund

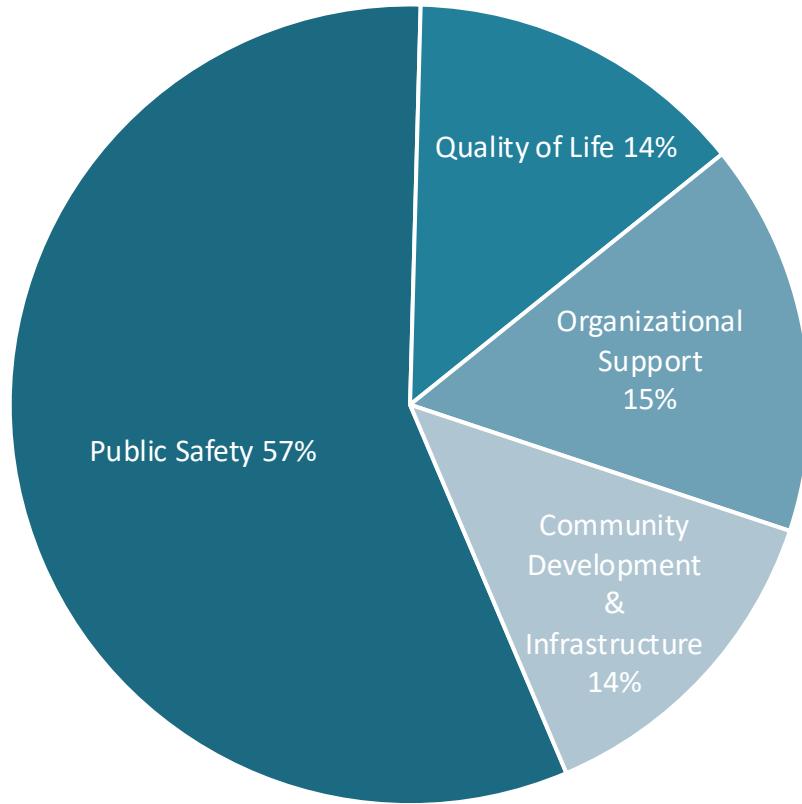


Total Expenditure Comparison

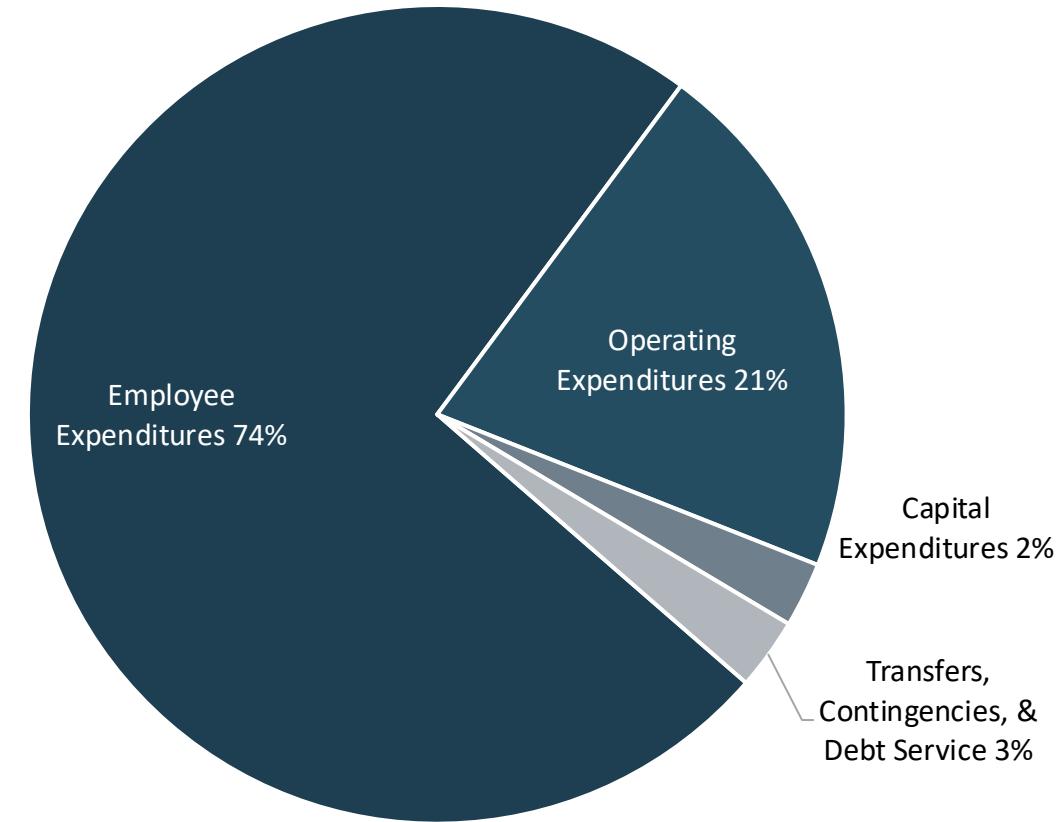
General Fund



FY 2026 General Fund Expenditures by Program Area



FY 2026 General Fund Expenditures by Category



Your Tax Dollar

In General Fund Services, Includes One-Time Investments for FY 2026



Community Development and Infrastructure

\$.14



Public Safety

\$.57

Quality of Life
\$.14

FY 2026 General Fund Ending Fund Balance (Reserves)

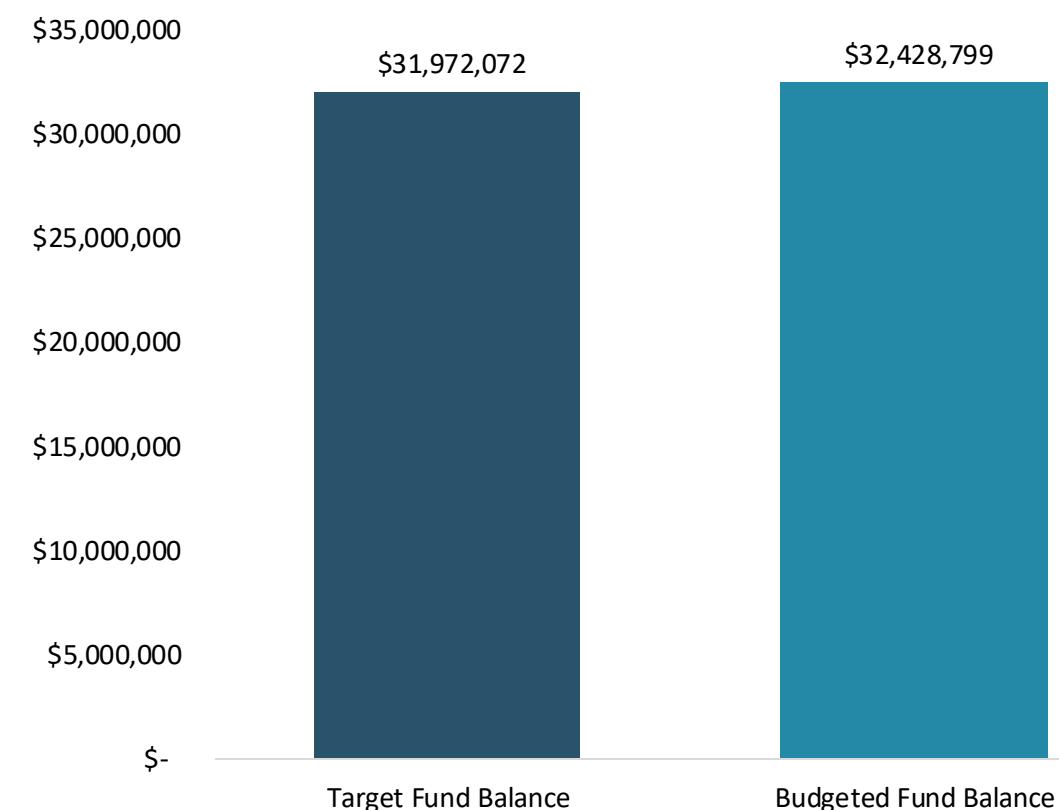


- ▲ FY 2026 Proposed Ending Fund Balance of \$32.4 million represents 30.42% of all recurring expenditures, slightly above the City Council's target.

- ▲ 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 General Fund
Ending Fund Balance



FY 2026 New Initiatives

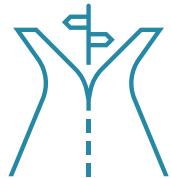


FY 2026 New Initiatives

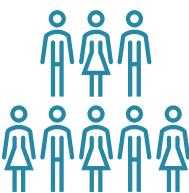
Using the New Strategic Plan as a Guide



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.



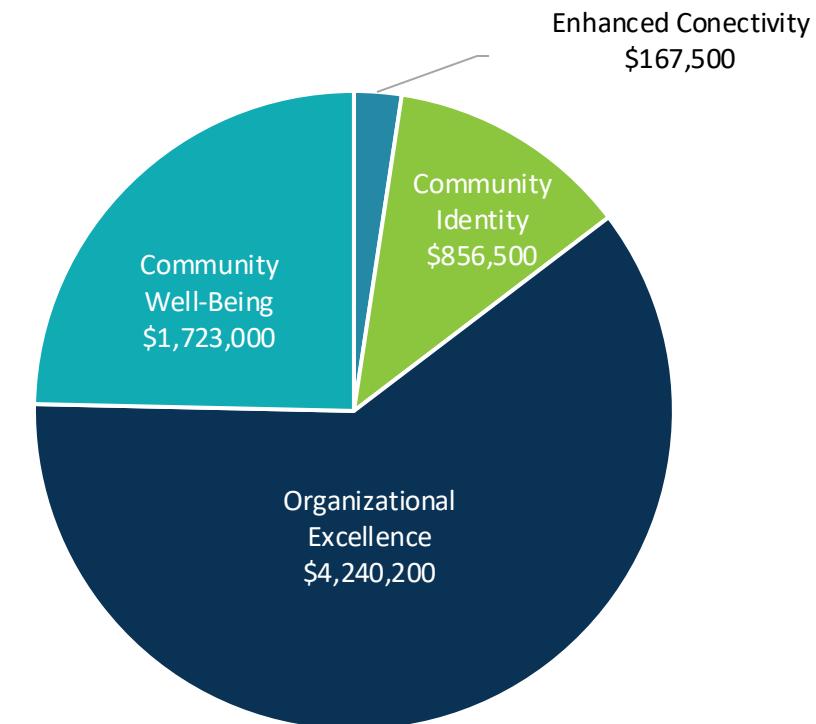
Community Well-Being – Implement services that enhance health and well-being to improve overall quality of life for residents.

FY 2026 New Initiatives

Using the New Strategic Plan as a Guide



Funded Initiatives by Strategic Priority



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 – 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.

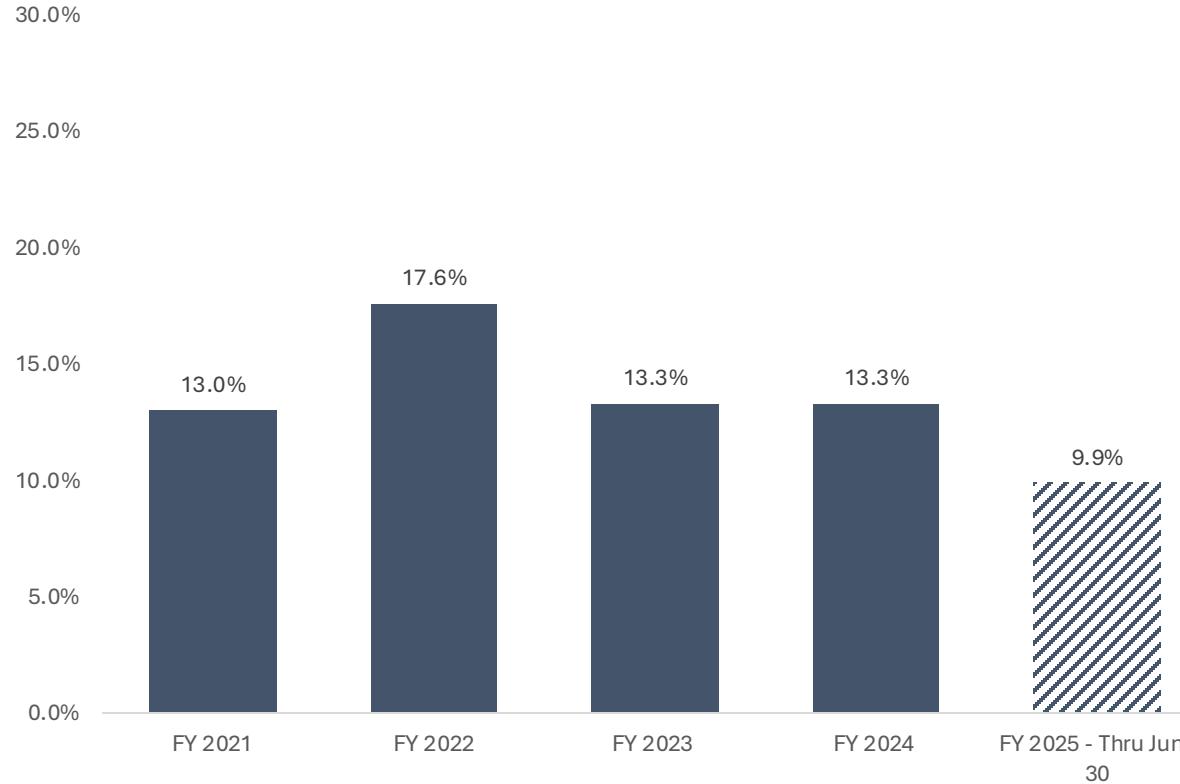
Compensation Adjustments for City Team Members – The FY 2026 Proposed Budget includes cost-of-living and market-based pay adjustments for all employees, supporting the Strategic Plan goal of reducing turnover related to compensation and advancement while maintaining internal and market competitiveness.

Employee Compensation

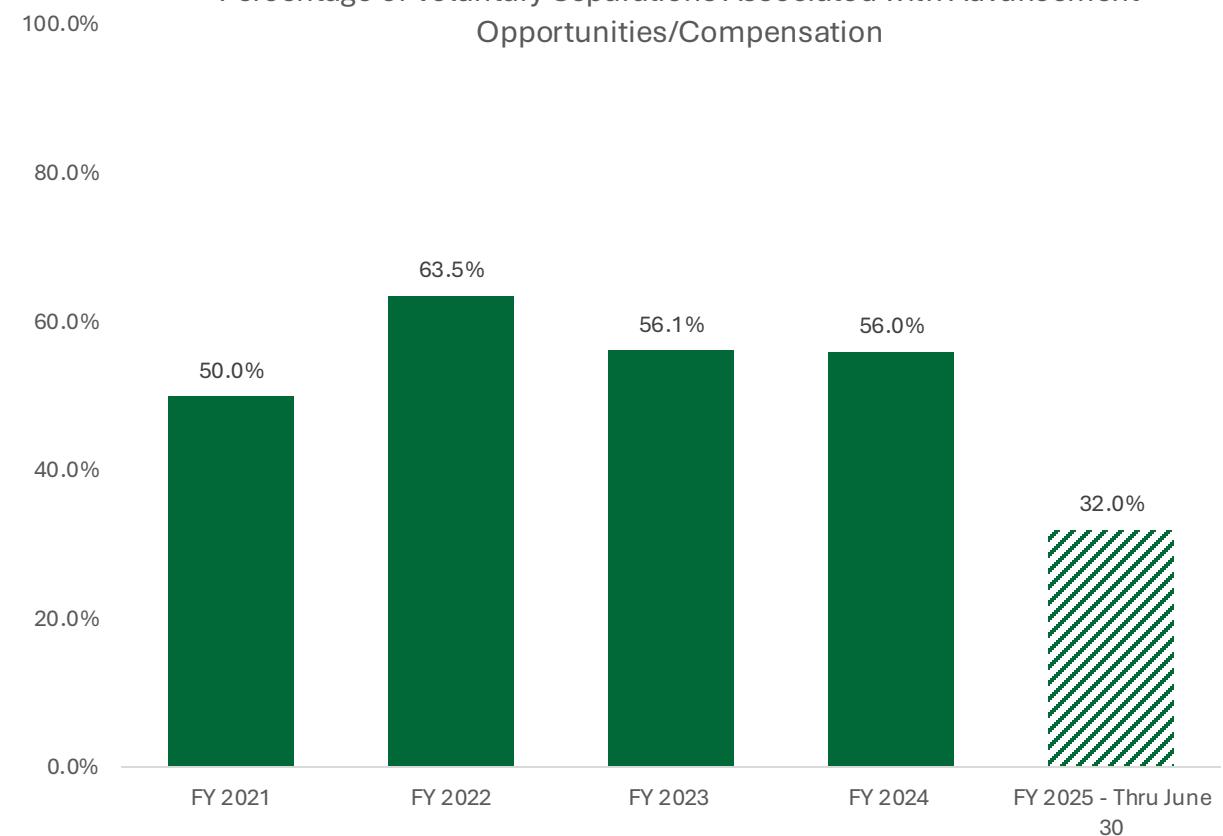
Our Employees are our Greatest Asset in Serving our Citizens



Full-Time Turnover Rate

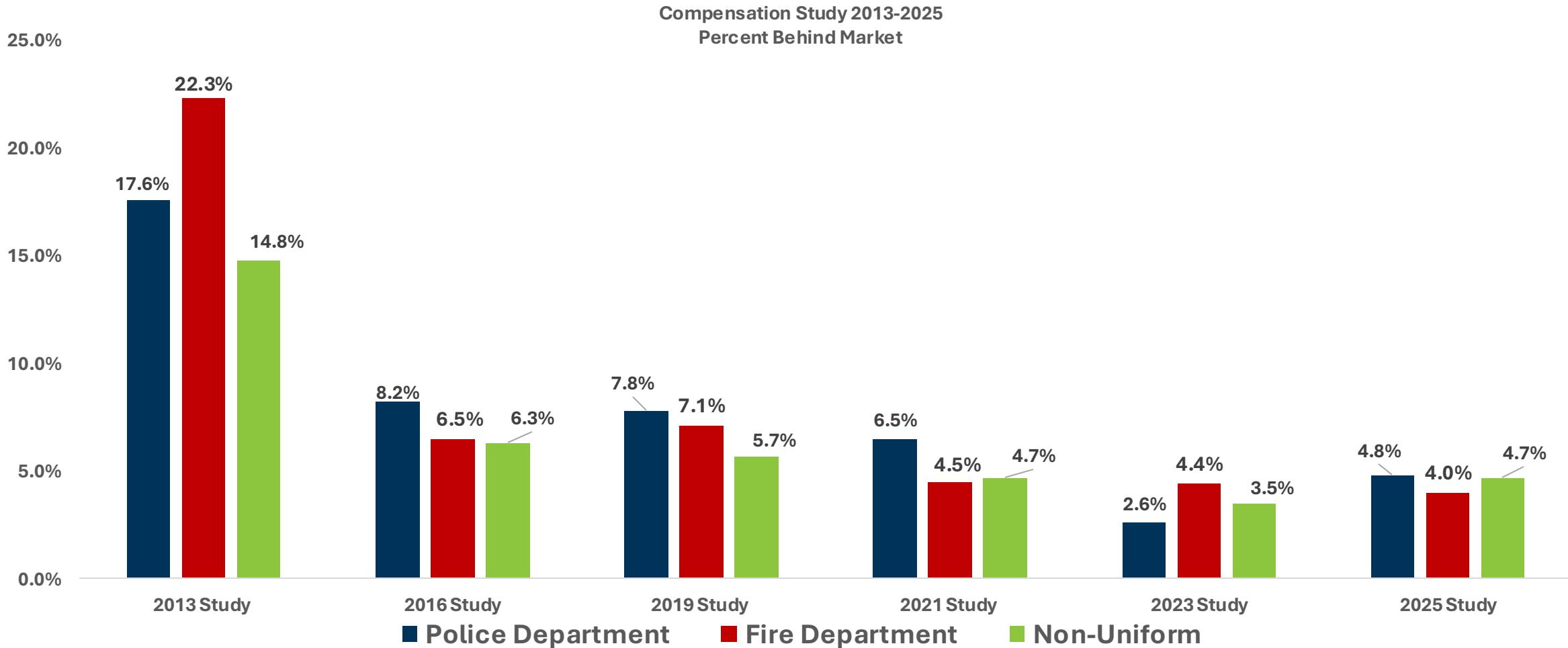


Percentage of Voluntary Separations Associated with Advancement Opportunities/Compensation



Employee Compensation

Our Employees are our Greatest Asset in Serving our Citizens



Employee Compensation

Our Employees are our Greatest Asset in Serving our Citizens



▲ The Compensation investment included in the FY 2026 Proposed Budget includes:

1. Non-Uniform Team Members

- 3% Cost of Living Adjustment (COLA) for all non-uniformed team members – Effective October 2025

2. Uniform Team Members

- 2.5% Step Plan Shift for all uniformed team members – Effective October 2025
- Annual step plan increases for uniform team members, effective on each team member's hire or promotion date, which average approximately 2%

3. All Team Members

- Full implementation of the 2025 Market Compensation Study for uniform and non uniform team members, effective April 2026
 - Market adjustments do not “stack” on top of COLA/STEP plan adjustments
 - Example – a non-uniform team member eligible for a 5% market adjustment would receive a 3% COLA in October and a 2% market adjustment in April
 - Example – a uniform team member eligible for a 6% market adjustment would receive a 2.5% plan shift (COLA), a 3.5% market adjustment in April as well as their annual step increase



Employee Compensation

Opportunity to enhance FY 2026 compensation strategy



- ▲ CMO recommends advancing market adjustments to **October 2025** to align pay scales with benchmark data at the start of the fiscal year.
 - Market adjustments would go into effect in October
 - Example – a non-uniform team member eligible for a 5% market adjustment would receive a 5% adjustment in October (3% COLA and 2% Market)
 - Example – a uniform team member eligible for a 6% market adjustment would receive a 6% adjustment in October (2.5% Plan Shift and 3.5% Market)
 - Ensures pay scales reflect current market data without delay until April 2026
 - Fully funds commitments in FY 2026, avoiding unfunded liability going into FY 2027
 - Additional funding would be incorporated into final budget approval via the budget order



Employee Compensation

Potential Mid Year Modifications and FY 2027 outlook



- ▲ City Council has expressed interest in advancing pay and benefits beyond average market levels to establish New Braunfels as a leader among benchmark cities

- HR and CMO will update research on total rewards policies (e.g., vacation accrual, certification pay) for potential mid-year implementation.
- Development of FY 2027 compensation strategies will focus on progressing beyond average market competitiveness.





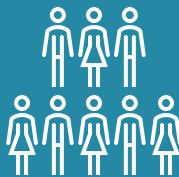
Strategic Priority – Enhanced Connectivity



Transit Manager Reclassification (TCS) - 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 (TCS) – To begin addressing the priorities identified in the City’s 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 (Public Works) – 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

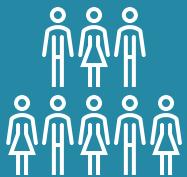


Digital Discovery Zones – Main and Westside Library Branches – The FY 2026 Proposed Budget funds the creation of Digital Discovery Zones at the Main and Westside library branches, offering child-friendly computers and educational tools in a dedicated, safe space for digital learning and homework support.

ROW/Beautification Operating Support (Public Works) – 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 (ECD) – 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 (CCE) – 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.



Strategic Priority – Community Identity

Continued



Comprehensive Plan Update (Planning) – 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 (Planning) – 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 (Public Works) – 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 – 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 coverage of 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.

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 Investments



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.



Staffing Additions - NBPD



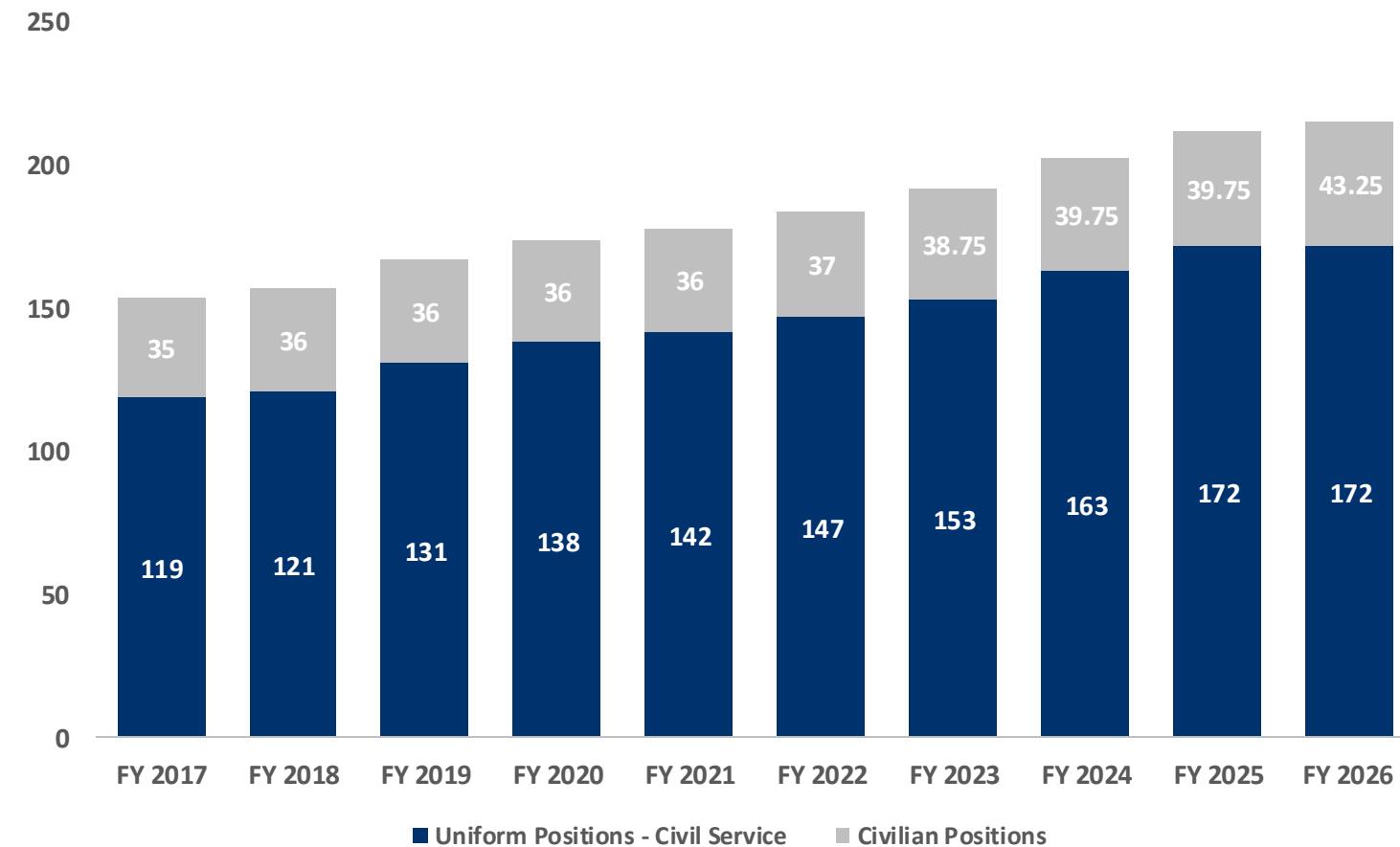
Over the past ten years, 61.25 FTE have been added to NBPD, representing a 40% increase

NBPD currently has 10 vacancies

Matrix staffing study completed in 2024 indicated that our current authorized uniform positions provide excellent response and service and are positioned well to continue to do so in the future

- Primary recommendation was the implementation of the Police Service Assistant program, which is included in the FY 2026 Proposed Budget

NBPD - AUTHORIZED FULL TIME EQUIVALENT



FY 2022-FY 2025 One Time Investments



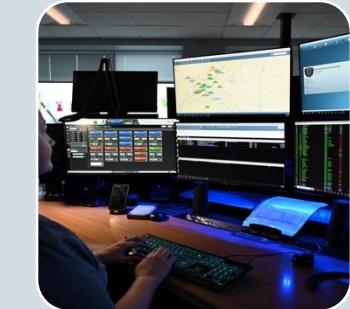
- ▲ Conservative budgeting during and post COVID created surplus opportunities to invest throughout the organization
- ▲ From FY 2022-FY 2025, over \$30 million of one-time initiatives have been included in prior year budget(s)
- ▲ Similar to the new positions that have been added, many of these investments in equipment or technology have only recently been implemented and our teams are still in the process of evaluating their impact



Other Initiatives



Examples of Other Funded Initiatives



Tactical headsets for the Police SWAT system

WRAP restraint systems for the Police Department

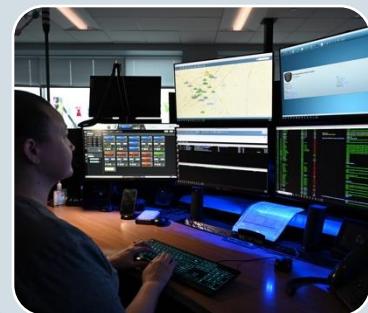
Two Police Department Canines

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

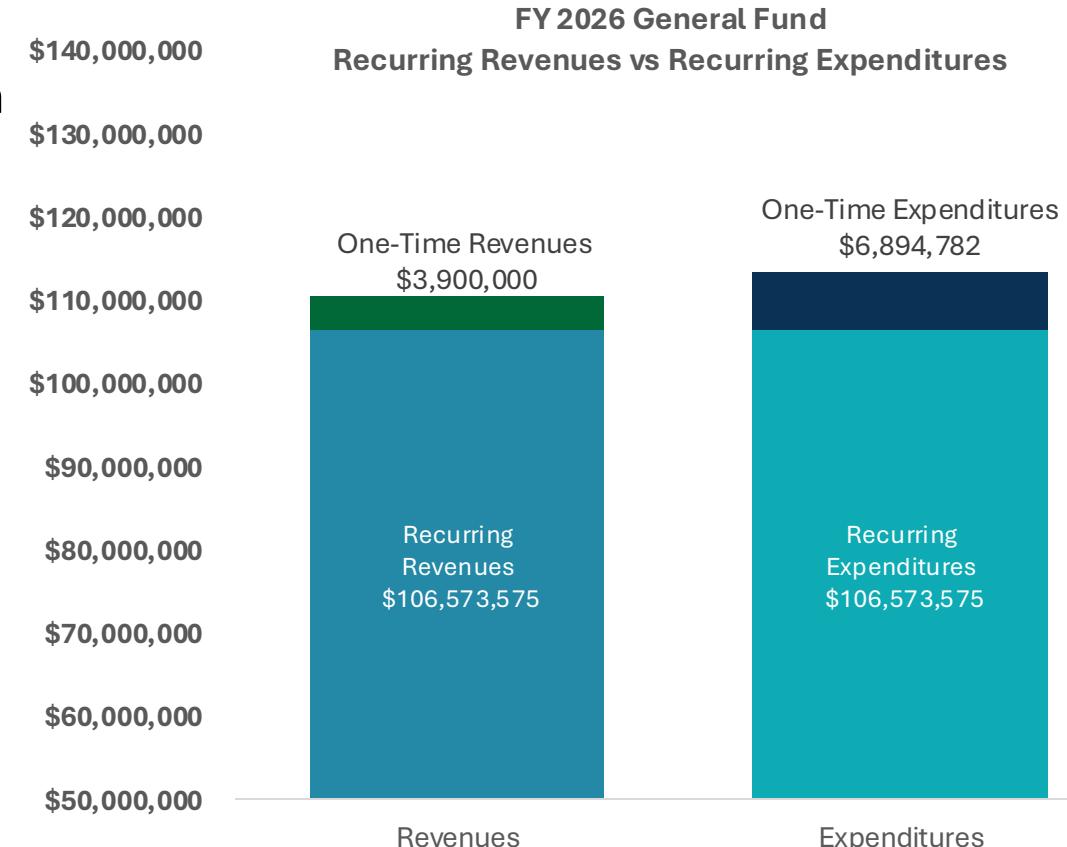
Das Rec
Aquatic
area/party
room floor
replacement

Navigating Economic Uncertainty

Mid-Year Budget Workshop



- ▲ Economic conditions entering FY 2026 are more uncertain than in recent years, with signs of volatility and stagnation in several key revenue sources
- ▲ To be proactive, a mid-year workshop is recommended to accomplish the following
 - Review actual year-end performance for FY 2025 compared to current projections
 - Reassess revenue and expenditure projections in FY 2026
 - Confirm viability of funded initiatives included in the budget
 - Consider opportunity to allocate additional resources, if available, to priorities/initiatives not initially funded



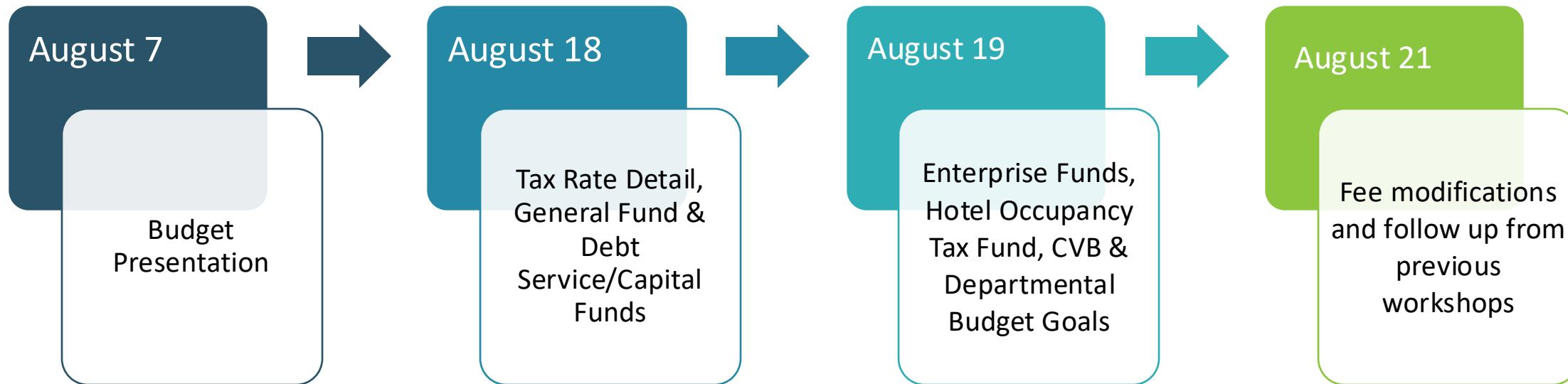
FY 2026 Proposed Budget

Highlights

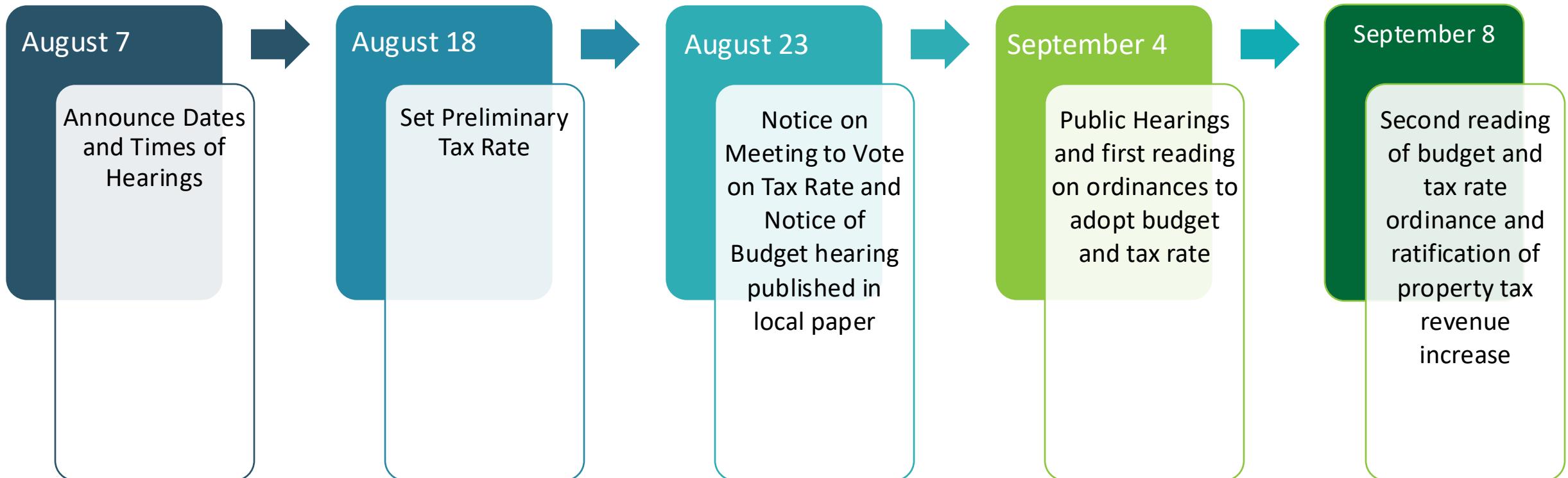


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Upcoming Budget Workshops



Tax Rate and Budget Adoption Timeline



Questions?

