

City of College Station

Proposed FY26 Budget Key Considerations

1. Budget Summary

\$390,078,560 Operations and Maintenance Budget

\$84,147,138 Capital Budget Appropriations

\$474,225,698 Net Budget Total

2. Strategic Direction Fiscal Discipline & Long-Term 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.
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3. Revenue Landscape and Forecasts

- Property Tax
 - ~(5.0%) decrease to the tax rate proposed to \$0.487430; O&M rate would decrease (\$0.0168832) and debt rate decrease (\$0.0087730). However, O&M revenue is still expected to increase ~\$3.0M from valuation growth and new values added to the tax rolls.
 - Each cent on the property tax rate equates to ~\$1.2M in recurring revenue.
 - Market Value Valuation increases by major classification year over year are:
 - Residential = 4.5%
 - Multi Family = 31.0%
 - Commercial = 21.9%
- Sales Tax
 - FY25 Year End Estimate Sales Tax YoY % increase is 0.67%
 - FY25 Budget to Actual Sales Tax increase is ~2%
 - FY26 Budgeted Sales tax assumes a 1% increase or \$417,000 increase over FY25 year-end estimate, after removing the impact of two 1-time events in FY25. This reflects steady consumer activity.

- Other General Fund Revenue
 - Includes public safety grants, reimbursements from Texas A&M, and permit fees. Interest income remains strong due to elevated interest rates and fund balances.
 - Hotel Tax
 - FY25 Year End Estimate Hotel Tax YoY % increase is ~5.6%
 - FY25 Budget to Actual Hotel Tax increase is ~3%
 - However, FY26 Budgeted Hotel tax assumes ~0.5 % growth as football for the year does not include major named opponents.
 - Utility Revenues
 - No rate increase for Electric, Water, or Wastewater;
 - CPI-U based increase of 3.0% for Drainage, and Roadway Maintenance
 - To maintain quality service Solid Waste has adjusted rates for Single-Family Multi-Family, and Roll-Off Services to the CPI-Garbage & Trash, which is a 5% increase, plus an additional 5% adjustment for certain services.
 - Commercial Services for Solid Waste have been increased to the CPI-Garbage & Trash which is a 5% increase.
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- **4. Expenditure Planning & Staffing Investments**

- Public Safety Staffing:
 - 12 SAFER-funded firefighters onboarded for Fire Station #7 in FY25.
 - 12 Additional proposed as SAFER-funded firefighters onboarded for Fire Station #7 in FY26.
 - 6 Police Officers (1 Patrol Lieutenant and 5 Officers with 4 vehicles), with equipment and support
 - An additional 6 Police Officer could be included via an overhire process. All 12 officers are included in the FY27 forecast
 - Pay & Benefits Strategy:
 - 3% across-the-board pay scale increase for all employees plus a 1% market adjustment for existing non-step employees.
 - 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.
 - Operational Cost Management:
 - \$200K in fixed/contractual cost savings identified during FY26 planning cycle.
 - \$400K in cost savings identified by departments.
 - Department vacancy rates will be continuously reviewed in FY26.
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5. General Fund Assigned and Unassigned Fund Balances.

- Of the ~\$92.3 M of General Fund Fund Balance, ~78% is assigned by policy, recommended reserved by staff or discretionarily assigned by Council

Assigned Fund Balances	FY 26 Proposed
Required/Policy:	Budget (000's)
Required 20% Reserve (Fiscal Policy)	25,647
Federal Opioid Abatement	168
Staff Recommendation:	
Future Operational Reserve (Public Safety)	1,100
Additional reserve for Bond Rating	6,964
State Highway 6 Relocation Costs	550,
Matching Grant Dollars Allocation	1,000
Additional Economic Incentives	2,000
Special Elections	100
Parks TPWD Grant	750
Grant Uncertainty	5,000
Discretionary:	
Future Vehicles	1,500
Baseball Field Capital Reserve	10,000
Future Projects	17,200
Assigned Fund Balance	\$ 71,979

- Remaining unassigned fund balance is ~\$20.3 million

6. Capital Projects & Infrastructure Delivery

- FY26 capital strategy leverages prior bond issuance to deliver:
 - 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. Construction appropriations of ~\$35MM will be included in a future fiscal year.
 - Parks projects, including new City Baseball Fields, need \$8.4M in appropriations.
 - Electric continuing to fund capital program of \$21.6M with cash.
 - Appropriations for Water-Wastewater capital is \$44.7M including: State HWY 6 relocation of \$8.7M; and water well rehab projects of \$9.1 M; and Wastewater Treatment plant filter improvements of \$8.1M; and Carters Grove W-WW Rehab totaling \$11.5M.

7. Debt Capacity & FY26 Planned Issuance

- Debt capacity closely managed
 - General Government debt was structured to maintain ~\$20M of debt capacity annually through FY31.
 - Each cent on the property tax rate funds ~15M-\$17M in capital projects.
 - \$9.7M in real estate gains preserved for future capital infrastructure.
 - FY26 bond issuance is \$96.9M planned with \$27.2M in voter approved General Obligation General Government debt and \$69.7M Certificates of Obligation for Water-Wastewater.
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8. Key Budget Additions from Service Level Adjustments

- **GENERAL FUND \$6.1M (\$3.0M one time and \$3.1M recurring)**
 - **Fire** – 12 Firefighters for Station #7 including recurring costs, Laryngoscope replacement, Hazmat Equipment upgrades and peer fitness certification, totaling \$1.8M.
 - **Police** – 6 Police Officers (1 Patrol Lieutenant and 5 Officers with 4 vehicles); software to improve report documentation; large Bomb Robot; and various technology licenses totaling \$2.4M.
 - **Public Works** – additional pavement marking material, a drone and portable traffic counting cameras totaling \$215K.
 - **Parks** – cameras for recreation facilities, a pool sanitizer replacement and addition to the residential tree program totaling \$400K.
 - **Planning & Development** – 1 Engineering Construction Inspector with vehicle and funding for the comprehensive plan development totaling \$360K.
 - **Information Technology** – replacement for Planning & Development software totaling \$740K.
 - **General Government** – 1 Assistant City Attorney and community sponsorship funding totaling \$191K.
- **HOTEL TAX FUND \$2.0M (\$1.5M one time and \$510K recurring)**
 - **Tourism** – Signature leisure event, music sponsorship, sales event attraction, marketing and new business development totaling \$975K.
 - **Parks** – Games of Texas funding and wayfinding signage totaling \$1.0M.
- **ENTERPRISE FUND \$2.7M (\$1.6M one time and \$1.1M recurring)**
 - **Northgate Parking** – replacement of Garage Equipment and System Management totaling \$570K.
 - **Electric** – a fiber splicing van replacement upgrade totaling \$51,200.
 - **PEG Fund** – Channel 19 server and equipment totaling \$40,000.
 - **Water Services** – impact fee study and workorder supplies totaling \$500K.
 - **Drainage** – 2 Maintenance Equipment Operators and associated vehicle; and drone program totaling \$309,000
 - **Fleet Maintenance** – a forklift totaling \$51,050.

- **Solid Waste** – 1 Commercial Equipment Operator, a Residential Sideload Collection Vehicle and increase to departmental overtime totaling \$1.2M.
 - Additional detail regarding budget additions can be found in the budget document.
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9. Community Partnerships & Outside Agency Support

- Funding requests reviewed from partner agencies included at requested amounts.
 - Focus on alignment with Council strategic goals and measurable service outcomes.
 - Arts Council and Veterans Memorial requests reviewed by the Tourism Advisory Committee.
 - Agency representatives to present to Council in Workshop on July 10
 - Recommendations on funding levels during the budget process may or may not represent the requested amounts.
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10. Key Conclusions

- Budget lays the groundwork to address future challenges and needs both from residents and the broader community.
 - Budget addresses ongoing operational needs and demands.
 - The FY 26 Proposed Budget includes more detailed information on all these items.
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Timeline

- **Monday, July 7**
 - Proposed Budget submitted to Council, City Secretary, and posted to the website
 - Council to call Budget Public Hearing
- **Thursday, July 10**
 - Outside Agency Presentation
- **Wednesday, July 16**
 - Proposed Budget Workshop
- **Thursday, July 24**
 - Budget Public Hearing
- **Thursday, August 14**
 - Tentative Proposed Budget Workshop (if needed)
 - Voter-Approval Rate and No-New-Revenue Tax Rates formally submitted to City Council
 - Council to call Tax Rate Public Hearing
- **Thursday, August 28**
 - Council to hold Tax Rate Public Hearing, adopt tax rate, and adopt FY26 Budget