



# **City of San Marcos**

## **Budget Workshop**

### **Fiscal Year 2027**

June 25, 2026

# Agenda



- Budget Process and Community Engagement
- Recruiting and Retaining Top Talent
- Responding to the Changing Economy and Council Direction
- Overview of Funds
  - General Fund
  - Special Revenue Funds
  - Enterprise Funds



# **Budget Process and Community Engagement**

# Fiscal Year 2027 Budget Calendar



BUDGET EVENT	DATE	DONE
<del>Council Visioning &amp; Strategic Planning Work Session</del>	<del>January 29 – 30</del>	✓
<del>Budget Policy Workshop</del>	<del>February 26</del>	✓
<del>Budget Policy Adoption</del>	<del>March 31</del>	✓
<del>Neighborhood Commission Presentation</del>	<del>April 15</del>	✓
<del>Budget Workshop &amp; Preliminary CIP</del>	<del>May 19</del>	✓
Budget Workshop	June 25	
Budget/CIP Submitted to Council & Maximum Tax Rate Set	August 18	
Neighborhood Commission Presentation	August 19	
Public Hearings on Budget, Tax Rate & Fee Changes	September 1 & 15	
Budget, Tax Rate & CIP Adoption	September 15	

**PRELIMINARY  
TAX ROLL: ✓  
APRIL 30<sup>th</sup>**

**We are here**

**CERTIFIED  
TAX ROLL:  
JULY 25<sup>th</sup>**

# Strategic Goals



## **QUALITY OF LIFE & SENSE OF PLACE**

Cultivate a community that promotes inclusivity, equity, and belonging; has a unique sense of place due to our distinct natural, historical, and cultural assets; and commits to a healthy quality of life for families of all types.



## **ECONOMIC VITALITY**

Foster a vibrant economic climate for our community through new commercial and residential uses, education, workforce development, and support of new and existing businesses of all sizes.



## **PUBLIC SAFETY, CORE SERVICES & FISCAL EXCELLENCE**

Deliver quality government services and improve community safety in a fiscally responsible manner with a professional workforce.



## **MOBILITY & CONNECTIVITY**

Improve neighborhood and regional connectivity to provide a safe, convenient, and efficient multimodal system for goods, services, and people of all income levels and abilities to move throughout the City.



## **ENVIRONMENTAL PROTECTION**

Advance responsible stewardship of the community's natural, cultural, and historical resources through varied environmentally friendly policies and practices.

# Operating Budget Permanent Reductions



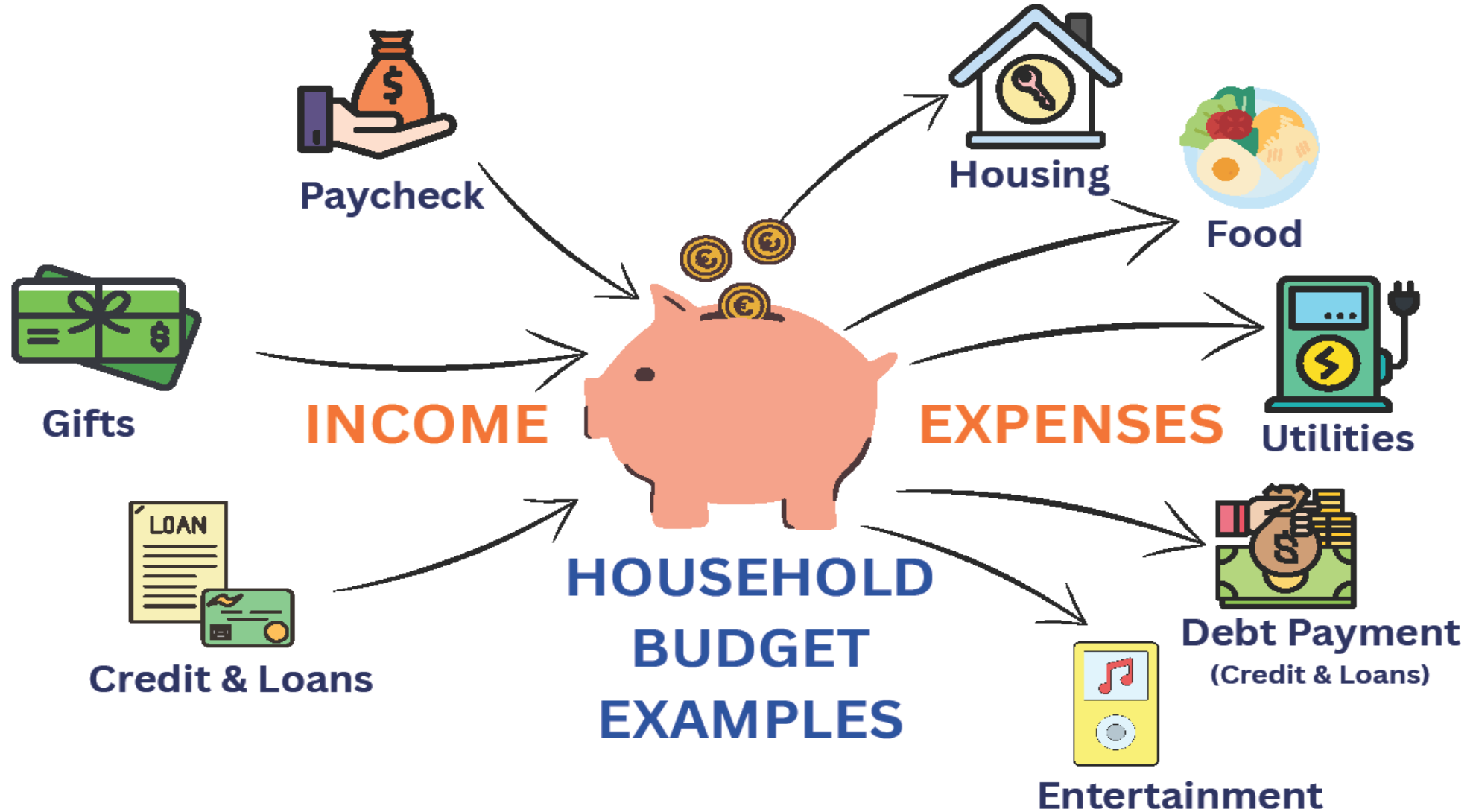
- **Staff's intention is to submit a budget in August that reflects Council's direction and priorities.**
  - The June workshop is the last budget workshop before the budget is submitted in August.
- The budget reflects Council's strategic goals with community input from townhalls.
- City has implemented multiple efficiencies:
  - Managed hiring program with 24 frozen positions (as of June 2026).
  - Retirement incentive program eliminating 28 positions, saving approximately \$2.7M annually.
  - Brought executive recruitment in-house for cost savings.
  - Parking manager vacancy in Public Works resulted in consolidating responsibilities within the City Marshal's Office.
  - Reviewing motor pool and take-home vehicle policies.
  - Ongoing evaluation of operations across all departments.
- Operating with a leaner workforce and adding Emergency Medical Services within forecasted revenue capacity.
- The City is committed to remaining an employer of choice and supporting employees that continue to provide essential community services.



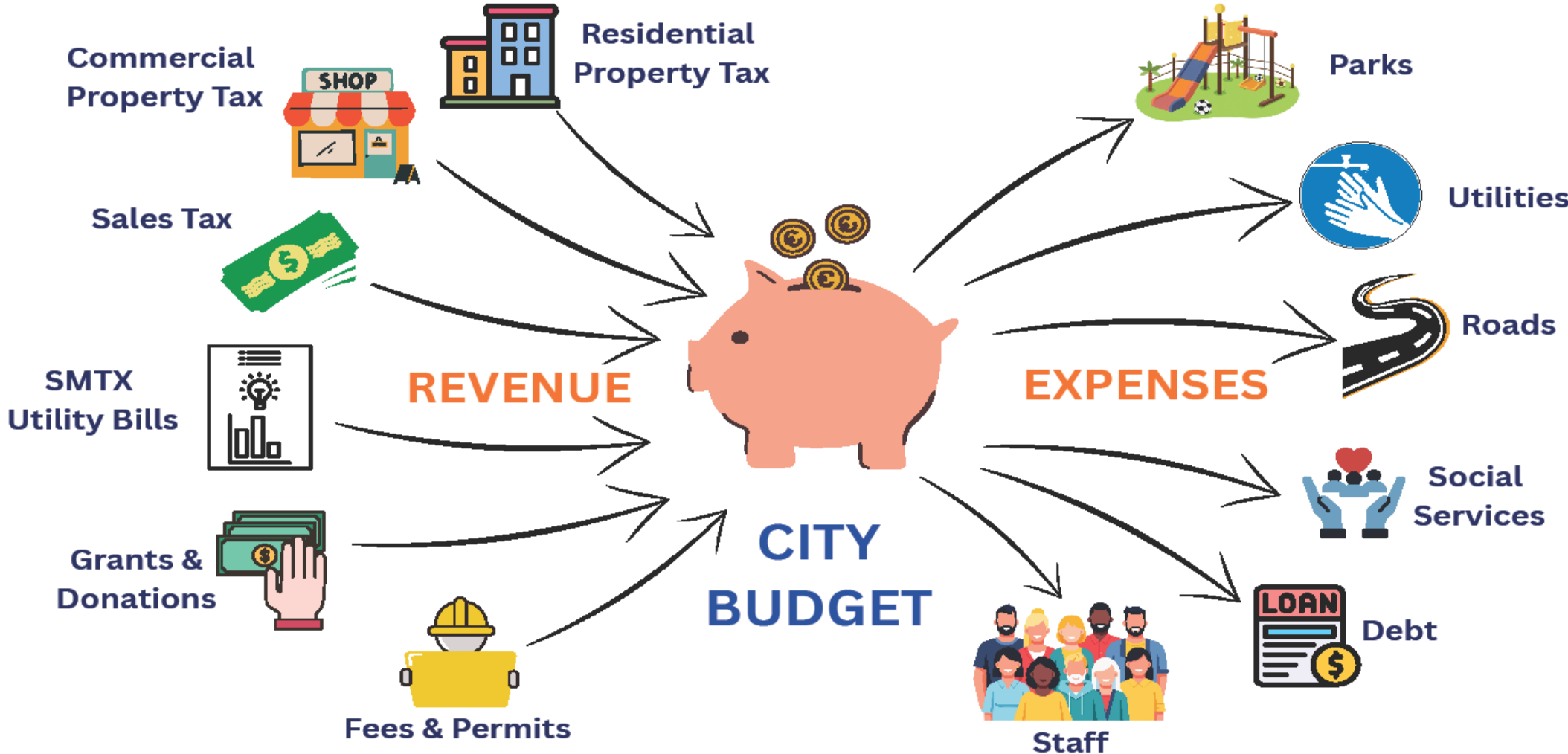
# More Community Engagement

- The following sources were used to gather community perspectives:
  - Townhalls at different times, dates, and locations.
    - 3 community visioning townhalls held in advance of Council’s visioning session to inform City Council’s Strategic Plan goals.
    - 3 community townhalls on the budget were held within the last month.
  - Interactive tools implemented for City Manager’s State of the City and Mayor’s SMTX 2026.
  - Community events such as Love Where You Live and 1M Cups.
  - Neighborhood Commission.
  - Tabling opportunities at the Public Library, Activity Center, and Mobility Hub.
  - Shared via social media, KZSM, print, News Hub, press releases, and newsletters.

# Household Budget Example



# City of San Marcos Budget Example

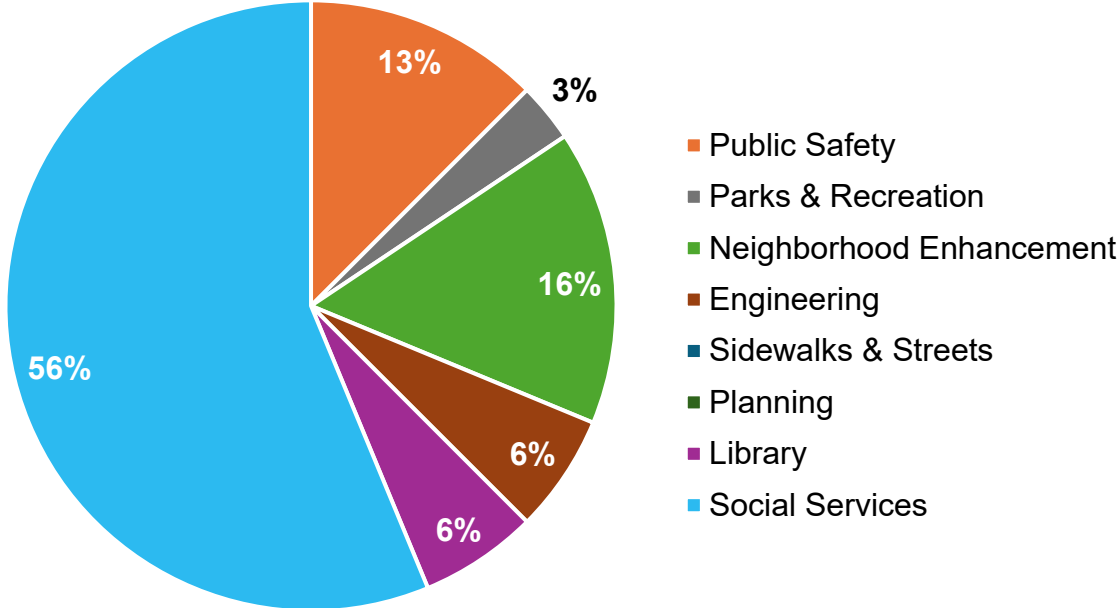


# Community Town Halls on the Budget Discussions



- Three (3) Sessions were held:
  - May 26, 2026, via Zoom
  - June 3, 2026, at the San Marcos Public Library
  - June 8, 2026, at Centro Cultural Hispano de San Marcos
- Attended by 51 Community Members.
- Two primary questions framed the conversation.
  - As you look at the City’s budget, what is the most important thing to you?
  - What should be prioritized if resources are limited?

- As you look at the City’s budget, what is the most important thing to you?





# More Community Engagement

- Community participation through Participatory Budgeting happened in four phases.
  - Idea collection: 103 submissions from 87 individuals including 140 ideas were collected.
  - Feasibility Review: Benches, Existing crosswalks, and sidewalks.
  - Project Proposal: 5 project proposals were submitted.
  - Community Voting: Conducted online and in-person (City Hall, Public Library, and Utility Billing).
- The feedback received from the community has been shared with departments and was one of the factors in the decision-making process.



# **Recruiting and Retaining Top Talent**

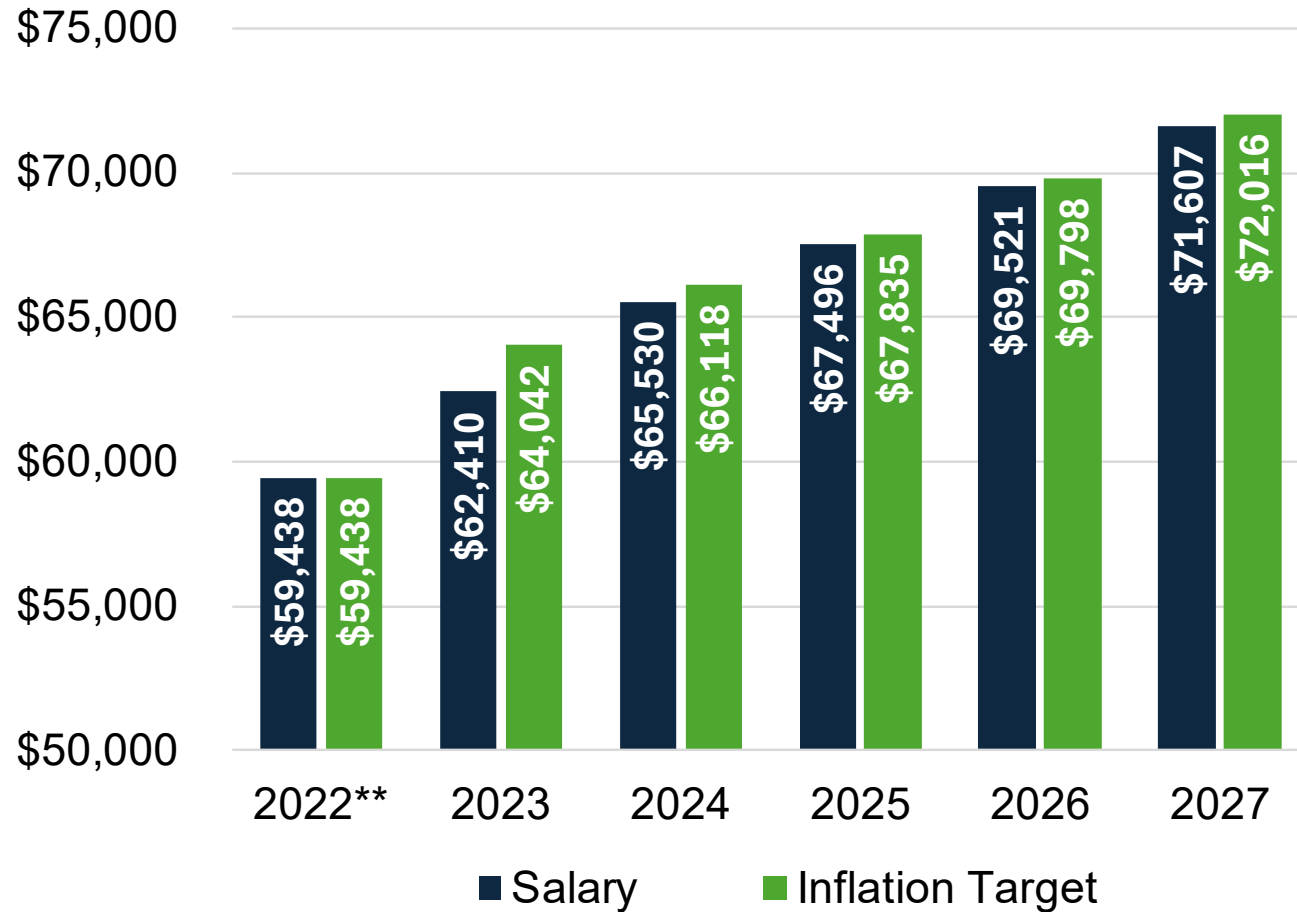
# Compensation Philosophy



## Adopted Statement

*The City of San Marcos is committed to attracting, engaging, and rewarding a diverse and multi-generational workforce. By offering career progression opportunities and a total rewards package including competitive compensation and benefits and a purposeful work life, the City will regularly survey the market to ensure we are an employer of excellence focused on serving our community and accomplishing our core values of Integrity, Teamwork, Professionalism, Customer Experience, and Innovation.*

# Impact of Inflation on Salary



Fiscal Year	COLA	CPI*	Salary	Inflation Target	Over/ (Under)
2022**			\$59,438	\$59,438	\$0
2023	5%	7.7%	\$62,410	\$64,042	(\$1,632)
2024	5%	3.2%	\$65,530	\$66,118	(\$587)
2025	3%	2.6%	\$67,496	\$67,835	(\$339)
2026	3%	2.9%	\$69,521	\$69,798	(\$277)
2027	3%	3.2%	\$71,607	\$72,016	(\$409)

- Need to stay competitive to achieve the City’s Employee Compensation Philosophy and not lose ground
- Staying competitive helps the City attract and retain a talented workforce
- Incremental versus large increase approach

\*Bureau of Labor Statistics (CPI-U) – October 2021 Base Year; 2027 as of May 2026

\*\*2022 Average Salary = \$59,438

# FY 2027 Peer City Compensation



Peer City	Proposed COLA Adjustment	Merit Pay
Austin	0%	Not offered
Bryan	No	3% average
Cedar Park	No	3% average
College Station	3%	No
Denton	Contingent on budget capacity	Contingent on budget capacity
Garland	Not offered	To be determined
Kyle	2%	No
Pflugerville	3%	No
Round Rock	No	4%

The following cities did not respond or did not have any information to share:

- Georgetown
- New Braunfels
- Sugarland



# **Responding to the Changing Economy and Council Direction**

# Responding to the Changing Economy



- Management implemented a hiring freeze that started April 2024.
- Implemented an early retirement incentive.
  - Eliminated 28 positions, saving \$2.7M annually.
- Held department operating budgets flat.
  - General Fund department's held operating budgets flat since FY 2025.
- Finding efficiencies with contracts.
  - Bringing Economic Development in house by reducing Hays Caldwell Economic Development Partnership's contract.
  - Focusing on local businesses.

# Department Service Level Impacts



- Departments were asked to describe how programs, services, or abilities to meet community expectations will change due to:
  - Not increasing operational budgets.
  - Not filling positions due to managed hiring.
- Department service level impacts have been combined and provided as an attachment.



# Looking At Metrics Differently

- Council has expressed an interest in having more meaningful data and performance metrics. The departments have been asked to re-evaluate and rewrite annual indicators for better measures of performance.
- Key Performance Indicators (KPIs) will be submitted with the Proposed Budget on August 19, 2026.
- The steps and considerations that are involved in the implementation of KPIs include:
  - Strategic Plan alignment
  - Departmental collaboration
  - KPI data sourcing for selection
  - Budget integration
  - Ongoing monitoring



# General Fund



# General Fund

## What we heard from City Council during Budget Policy:

- Fund Balance:
  - Maintain 25% of recurring operating expenses.
- Debt Management:
  - Debt component of property tax rate must be 30% or less of total tax rate.
- Revenues:
  - Property tax rate to be kept at the current rate of 65.15¢.
  - Amend budget during fiscal year if revenue deviates from budget.
  - Potential revenue from alternative funding sources including fees will be evaluated and proposed to Council during the budget process.



# Property Tax Rates

- Tax rates remain preliminary until we receive the certified appraisal rolls. Once those are available, the tax-assessor collector completes the final calculations for the both the No-New-Revenue (NNR) tax rate and the Voter-Approval tax rate.
- Using the preliminary appraisal rolls, our estimated NNR is 65.50¢, which would generate approximately \$480K in additional revenue. This estimated NNR is slightly higher than our current tax rate of 65.15¢.
- Because the NNR is very close to the current tax rate, it is possible that the final NNR may end up lower than the current rate once the certified rolls are received.
- After receiving the certified numbers, staff will bring back a proposed budget that uses the higher of the two tax rates (current tax rate or final NNR) to Council.



# General Fund

What we heard from City Council during Budget Policy:

Critical Community Need  
= \$1.2M

Currently undergoing staffing study  
= \$0

On-going staffing previously approved  
= \$200K

On-going operations previously approved  
= \$600K


On-going social services, not HSAB  
= \$230K

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New to General Fund On-Going Expenses Included in FY27 Budget	Amount	Federal Funding Expiring	Included in FY27 Budget
Emergency Medical Services (EMS) operating expenses	\$ 1,200,000		✓
<del>Staffing for Engine #7</del>	-		X
1 Cybersecurity Analyst	123,755	✓	✓
1 Downtown Grounds Specialist	73,072	✓	✓
Transit Federal funding expiring	213,000	✓	✓
Citywide software allocation (Year 1 of 4)	250,000		✓
Intrusion Prevention System for IT	36,468	✓	✓
Internet connection improvements at Police building	11,700	✓	✓
Public Service Center Emergency Operations Data Services	26,000	✓	✓
Chatbot tool for Communications	-	✓	X
Access to Candid Directory for Library	4,000	✓	✓
<del>Diversion Beds (Evoke Wellness)</del>	-	✓	X
Small Business Counseling	60,063	✓	✓
Eviction Prevention Services	81,034	✓	✓
Mental Health Clinician	100,000	✓	✓
Prevent a Litter Central Texas Partnership	45,000	✓	✓

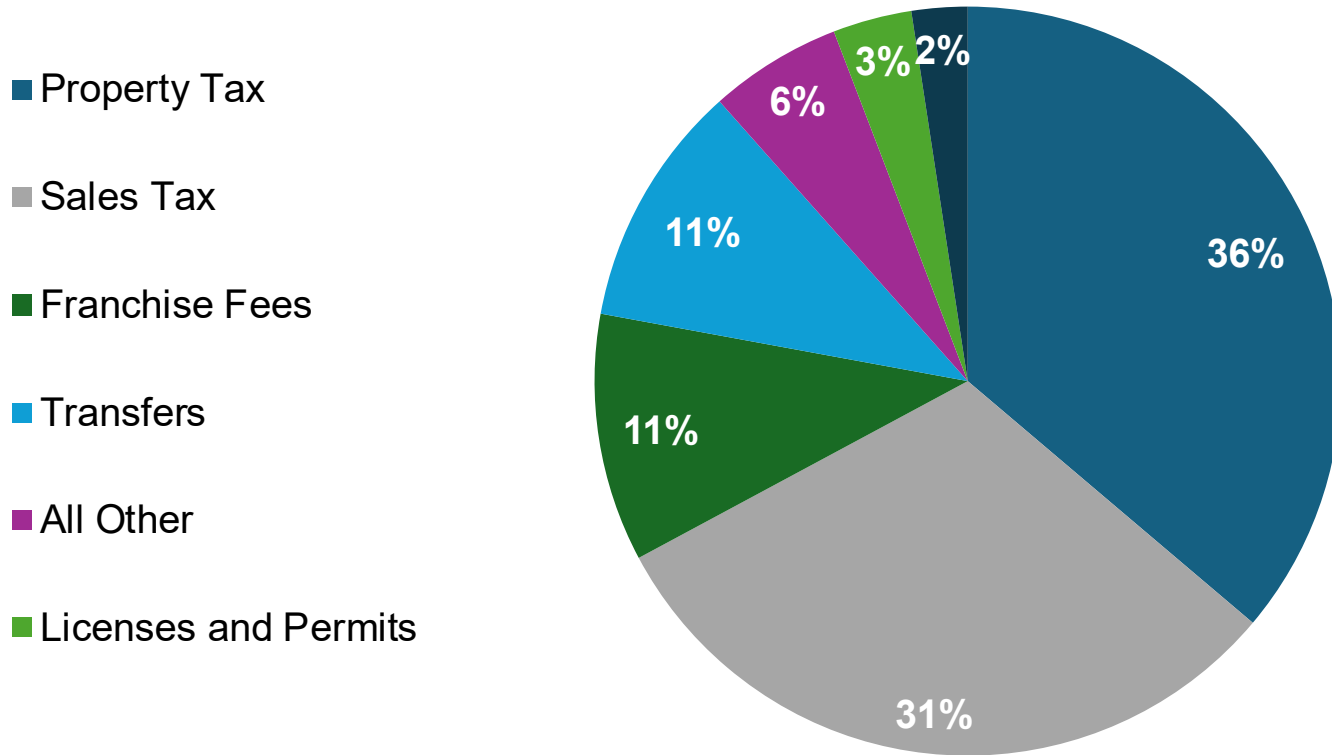
**Total \$ 2,224,092**

# General Fund Revenues

 FY 2027 is Structurally Balanced



**FY27 Revenues = \$130.6M**

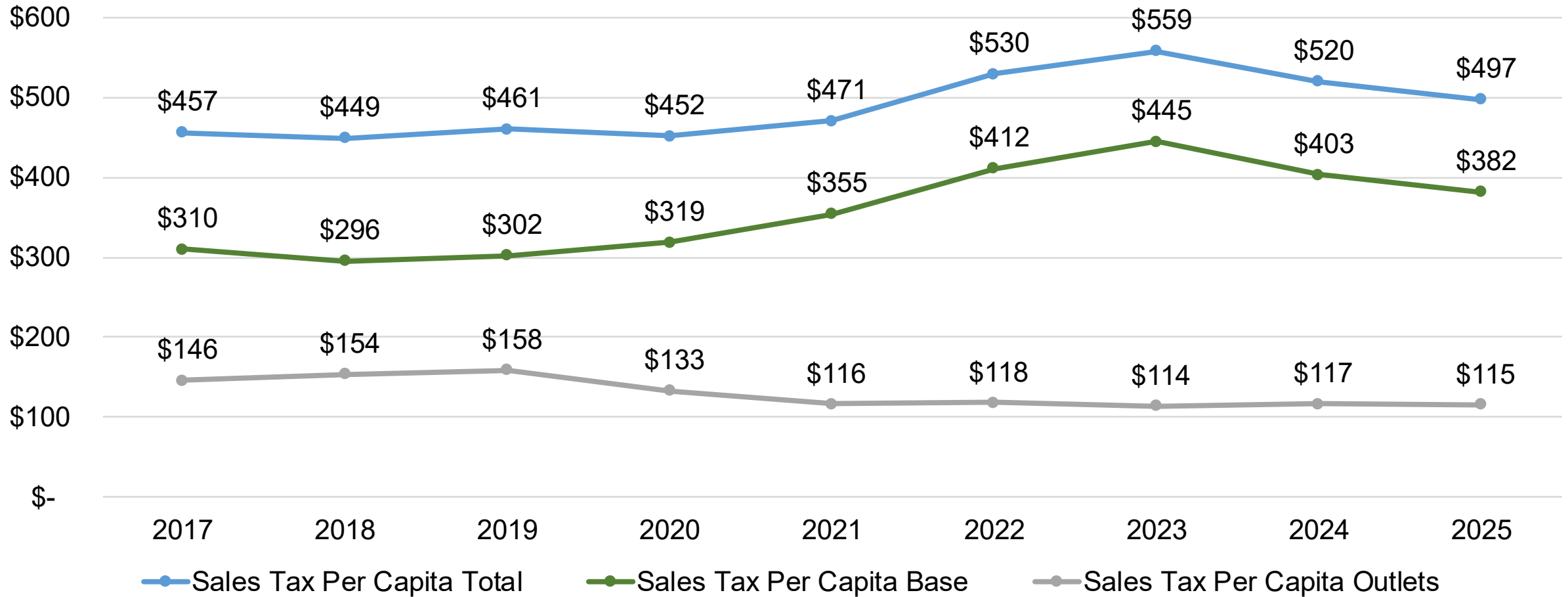


Revenue Type	Percent	Amount
Property Tax	36%	\$47.2M
Sales Tax	31%	\$40.5M
Franchise Fees	11%	\$14.0M
Transfers	11%	\$13.8M
All Other	6%	\$7.5M
Licenses & Permits	3%	\$4.5M
Emergency Medical Services	2%	\$3.2M

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# Diversification of Sales Tax

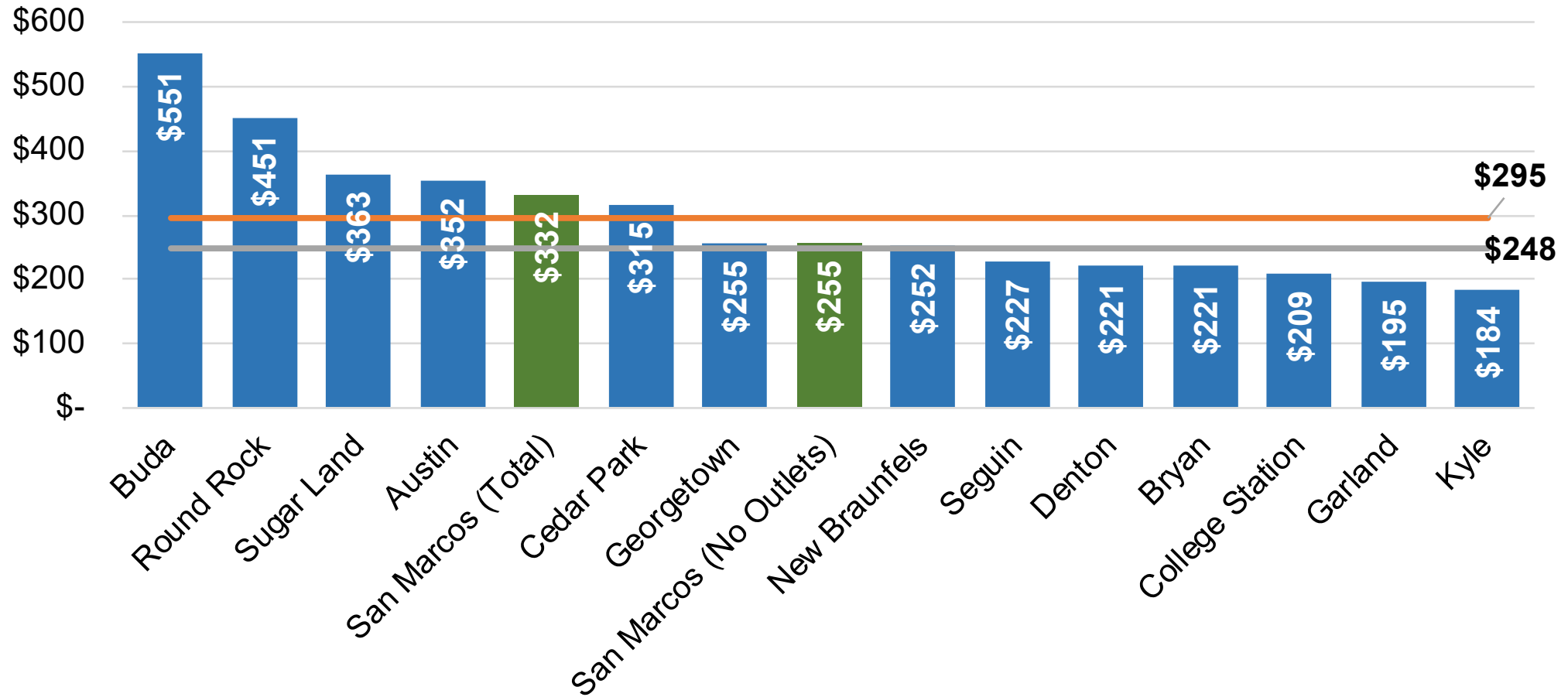
## Less Reliance on Outlets



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Source: Texas Comptroller of Public Accounts, FY 2025 Sales Tax Collections; U.S. Census Bureau 2025 Population Estimate

# Peer City Sales Tax Per Capita at 1¢




- Sales Tax Per Capita
- Peer City Per Capita Average
- Cities with 75-100K Population Per Capita Average

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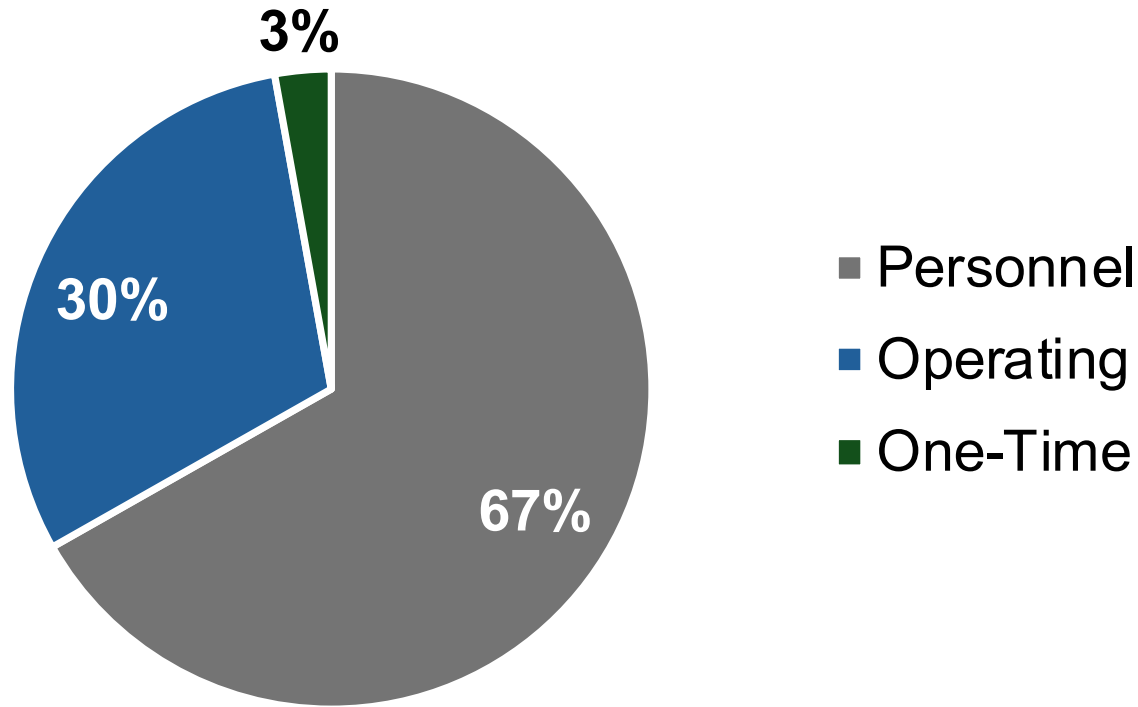
Source: Texas Comptroller of Public Accounts, FY 2025 Sales Tax Collections; U.S. Census Bureau 2025 Population Estimate

# General Fund Expenses

 FY 2027 is Structurally Balanced



**FY27 Expenses = \$134.1M**



Expense Type	Percent	Amount
Personnel	67%	\$89.5M
Operating	30%	\$40.8M
One-Time	3%	\$3.8M

# FY 2027 General Fund Major Increases



 Public Safety, Core Services & Fiscal Excellence

 Economic Vitality

## Cost Drivers

- Increase to personnel = \$2.6M
  - Non-civil service at 3% = \$1M
  - Civil service = \$1.6M (Police at 5% = \$858K and Fire at 4.5% = \$720K)
- Increase to standup Emergency Medical Services department = \$1.2M
  - Overall cost increase includes 54 positions
- Expiring federal funding = \$775K
- Increase for social services not included with HSAB = \$230K
- Increase to appraisal districts = \$127K
  - Hays Central Appraisal District = \$125K for a new facility

# What Does it Take to Fund the Following?



3% inflation for departments = 0.6¢ (\$540K)

1¢ = \$925,247



Library Assistant



Traffic Control and Signal Equipment Operator I



Street Operator I



911-Telecommunicator

Positions above = 0.1¢ each (\$90K) [sanmarcostx.gov](http://sanmarcostx.gov)

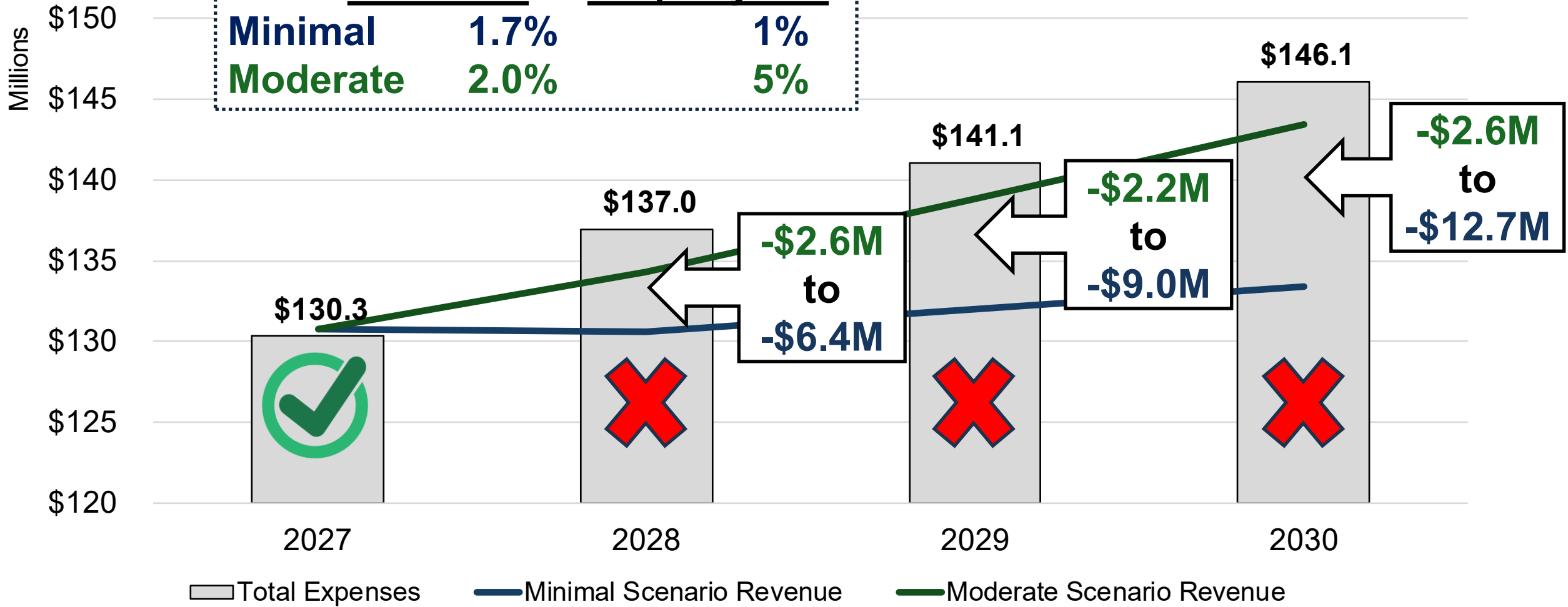


# General Fund Forecast

# General Fund Forecast



	<u>Sales Tax</u>	<u>Property Tax</u>
<b>Minimal</b>	<b>1.7%</b>	<b>1%</b>
<b>Moderate</b>	<b>2.0%</b>	<b>5%</b>



Note: Break-Even: Sales Tax = 2% annually, Property Tax = average of 6%



# **General Fund Fund Balance in Excess of 25%**



# FY 2027 General Fund – Fund Balance

- Fund balance in excess of 25% - \$3,800,000
  - Per Budget Policy, fund balance in excess of 25% must be used for one-time/non-recurring expenses.
  - Carrying forward \$800K from FY26 fund balance allocation for land that was not purchased.
- Proposed uses:
  - City Hall - \$1,200,000
  - Contribute to health insurance fund balance - \$1,078,943
  - Capital outlay - \$1,321,057
    - Total requested = \$1,531,057
  - Participatory Budgeting - \$200,000



# **General Fund Summary and Decision Points**

# Summary



- The City is not the only municipality facing financial challenges, many other cities in the region and across the state are in a similar situation.
- In January 2027, a new legislative session will begin and there have been numerous proposals already for property tax reform and City spending changes that may result in reduced revenues and expenditure caps.
- FY 2027 forecast began with a \$4M shortfall.
- With stronger-than-expected preliminary figures and the implementation of cost-saving measures, the updated FY 2027 forecast now reflects a balanced budget.



# Summary

- The FY 2027 budget includes absorbing expiring federal funding (\$775K) and standing up the Emergency Medical Services department (an additional \$1.2M).
- The estimated No-New-Revenue rate is higher than the City's current rate.
- Certified property tax rolls are expected by July 25<sup>th</sup>. These will provide the final property values and the No-New-Revenue tax rate for FY 2027.



# General Fund – Decision Points

- Bring back a structurally balanced budget, proposing a tax rate equal to the greater of the current tax rate (65.15¢) or the final No-New-Revenue rate (to be determined once certified rolls are received)?
- Use of fund balance in excess of 25% as proposed?
  - City Hall = \$1,200,000
  - Contribute to Health Insurance = \$1,078,943
  - Capital Outlay = \$1,321,057
    - Total requested = \$1,531,057
  - Participatory Budgeting = \$200,000
- Other direction for staff?



*other*

# **GOVERNMENTAL OPERATING FUNDS**

## **Special Revenue Funds**



# **Hotel Occupancy Tax (HOT) Fund**




# HOT Fund

## What we heard from City Council during Budget Policy:

- Fund Balance:
  - Maintain 25% of recurring operating expenses.
- Revenues:
  - Continue to budget revenues based on conservative historical trends and the impact that COVID-19 has had on the hospitality and tourism industry.
- Expenses:
  - Continue to allocate funding for historical restoration and preservation projects based on capacity, up to \$500K.
  - Review how other cities use HOT revenue to financially support City Council policy objectives without solely relying on the General Fund.
  - Create policy recommendations for allocating HOT revenue by specific percentages to support City Council policy objectives.

# Hotel Tax Fund

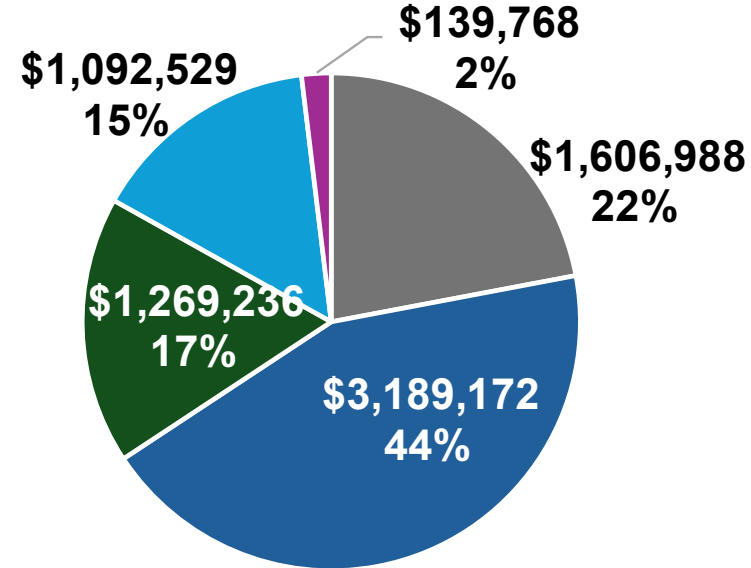
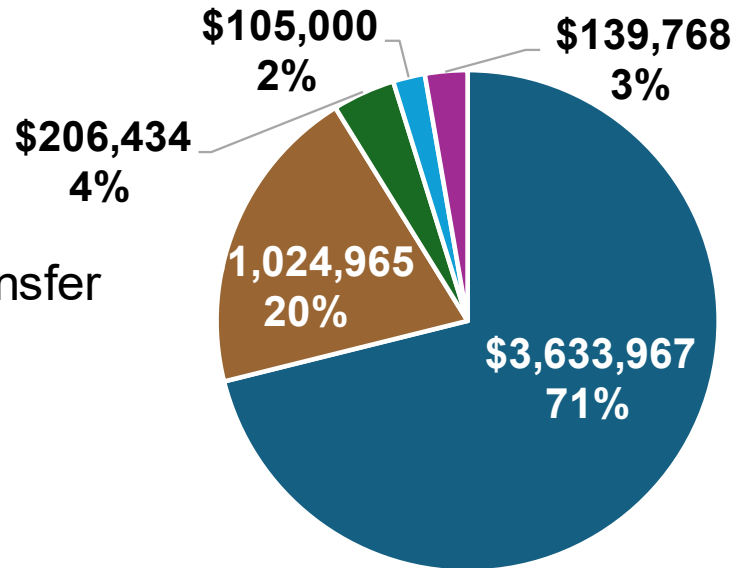
 FY 2027 is Structurally Balanced



**FY27 Revenues = \$5.1M**

**FY27 Expenses = \$7.3M**

- Hotel Tax
- Venue Tax
- General Fund Transfer
- Other Revenue
- Estimated PAC12 Impacts



- Personnel
- Operating
- One-Time
- Estimated Carryforward
- Estimated PAC12 Impacts

Ending FY27 Fund Balance	\$3.8M
Ending FY27 Fund Balance Percent	80%
FY27 Fund Balance Requirement for 25%	\$1.2M

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# Potential Impact of PAC-12



- Texas State's move to the PAC-12 is expected to increase visiting fan attendance across sports.
- Hotel tax revenue and ongoing expenses are projected to remain flat at 0%. Staff is isolating a potential 3% hotel tax revenue increase attributed to the impact of the PAC-12 and reserving an equivalent amount for special projects.
- Separating PAC-12 related activity allows time to:
  - Monitor monthly/quarterly revenue trends.
  - Track City costs linked to increased visiting attendance.
  - Obtain City Attorney guidance on allowable uses under state law.
- Staff will return to Council with recommendations for allocating revenue after one full quarter (October-December).



# FY 2026 Hotel Tax Major Increases

-  Quality of Life & Sense of Place
-  Economic Vitality

## Cost Drivers

- 3% increase in personnel costs = \$45K.
- One-time funding for:
  - Wayfinding = \$500K.
  - Heritage Tourism = \$399K.
  - VisitSanMarcos.com Redesign = \$70K.
  - PAC12 TXST Marketing = \$100K.
  - Tourist Information Center Parking Lot = \$200K.
- 3% growth assumption set aside for potential PAC12 impacts = \$140K.

# HOT Supplemental Requests



Not included in the FY27 Preliminary Budget

Hotel Occupancy Tax Fund	Count	Amount
Budget Supplemental Requests: Operating - Increase to permanent arts	1	\$15,000

# HOT – Decision Points



- Other direction for staff?



# Community Enhancement Fund




# Community Enhancement Fund

## What we heard from City Council during Budget Policy:

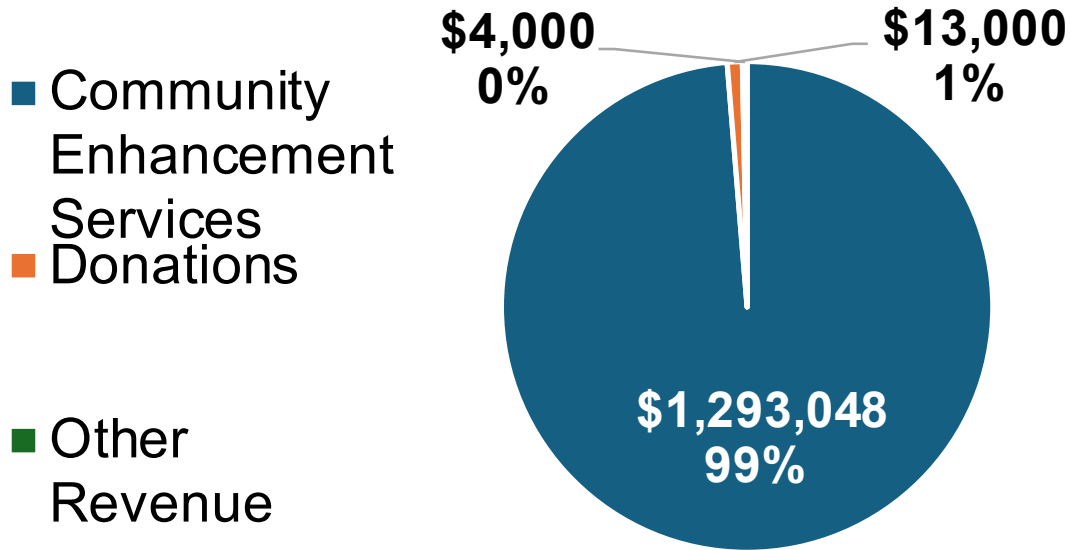
- Fund Balance:
  - Maintain 25% of recurring operating expenses.
- Expenses:
  - Continue to budget funds to address community enhancement items that come up during the fiscal year.
  - Increase operating expenses for contracted services up to \$250K annually to take over maintaining HWY 123 & I-35 plantings.
  - Budget one-time uses of fund balance for sprucing up along I-35 at approximately \$75K and fencing along Sunset Acres at approximately \$250K-\$300K.
  - Use the Community Enhancement Fund to support new intersection plantings and gateway monuments.

# Community Enhancement

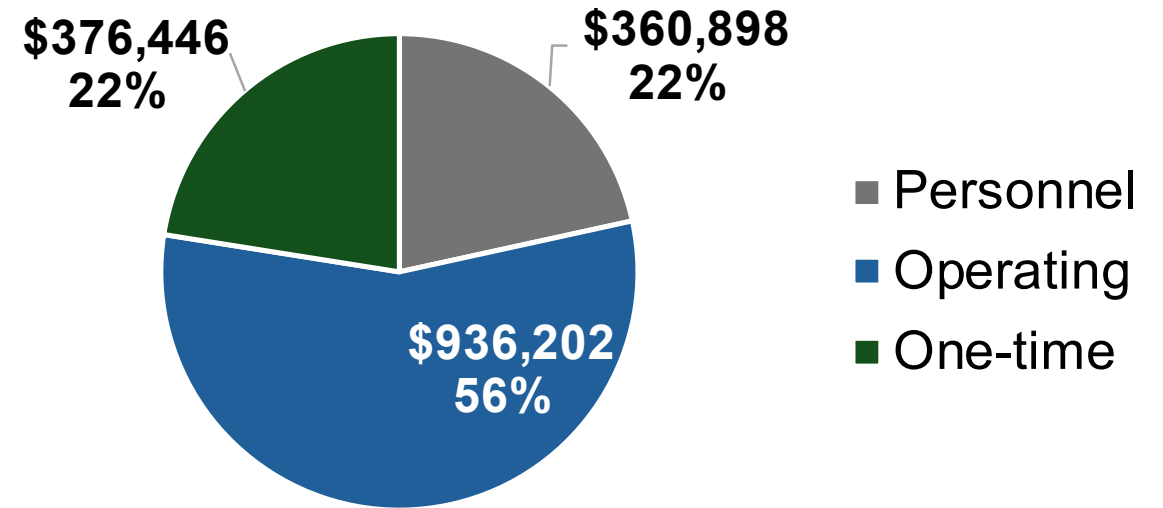
 FY 2027 is Structurally Balanced



**FY27 Revenues = \$1.3M**



**FY27 Expenses = \$1.7M**



Ending FY27 Fund Balance	\$1.4M
Ending FY27 Fund Balance Percent	108%
FY27 Fund Balance Requirement for 25%	\$324K

# Community Enhancement Budget Considerations



## Cost Drivers

- 3% increase in personnel costs = \$9K.
- Increase in contracted services to take over maintaining HWY 123 & I-35 plantings = \$200K.
- Council approved \$200K for Unsafe Structures.
- One-time use of excess fund balance = \$375K for Beautification Projects.

# Community Enhancement – Decision Points



- Other direction for staff?



*other*

# **MAJOR OPERATING FUNDS**

## **Enterprise**



# **Electric and Water/Wastewater Utility Funds**

# Electric and Water/Wastewater Funds



## What we heard from City Council during Budget Policy:

- Fund Balance:
  - Electric - Maintain 150 days of recurring operating expenses, work towards 180 days.
  - Water/Wastewater – Maintain 150 days of recurring operating expenses.
- Debt Management:
  - Debt Service Coverage Ratio – Maintain the legal minimum debt service coverage ratio of 1.2, work towards 1.4 for both funds.
- Revenues:
  - Electric and Water/Wastewater - Continue annual rate study to determine possible rate adjustments and/or structure changes. Citizens Utility Advisory Board (CUAB) will make recommendations to Council related to future rate adjustments and rate structure.
- Expenses:
  - Electric and Water/Wastewater – Utility fund transfers to the General Fund budgeted at amount determined by Cost Allocation Plan.



# Electric and Water/Wastewater Utility Projected Rate Increases and Debt Service Coverages



Public Safety, Core Services & Fiscal Excellence

Utility	Projected Effective Rate Increase	Proposed Debt Service Coverage	Combined Debt Service Coverage
Water	5-8%	1.00-1.12	1.22-1.30
Wastewater	2-5%	1.40-1.44	
Electric	1-2%	1.36	N/A



# Next Steps for Electric and Water/Wastewater Utilities

- Electric and Water-Wastewater rate recommendations to be made by Citizens Utility Advisory Board (CUAB).
  - CUAB formal rate adjustment recommendations expected in July.



# Electric and Water/Wastewater Funds

## – Decision Points

- Other direction for staff?



# Stormwater Utility Fund




# Stormwater Fund

## What we heard from City Council during Budget Policy:

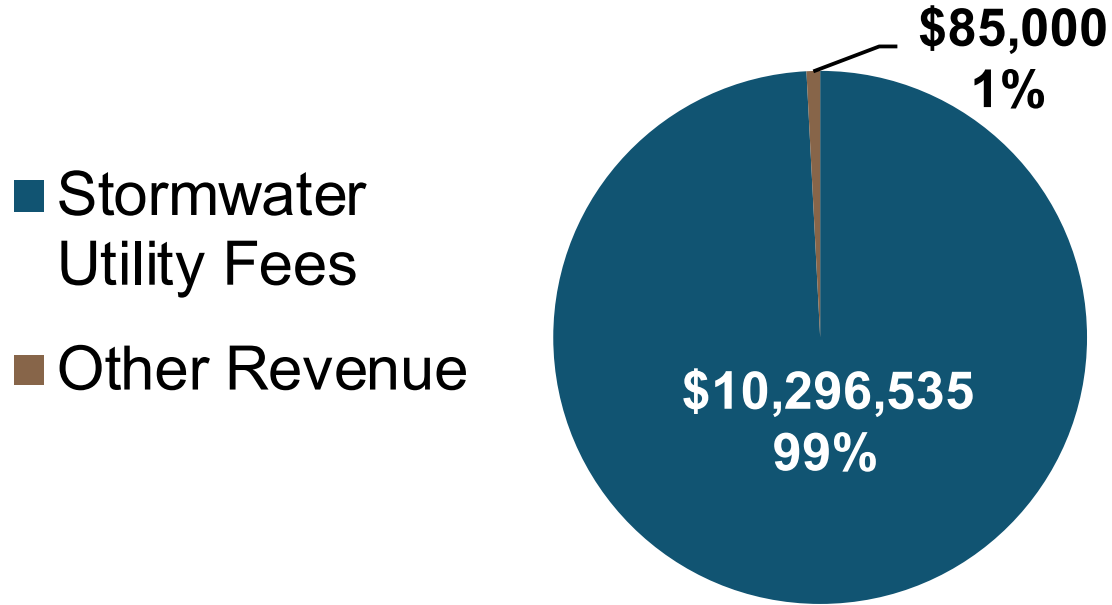
- Fund Balance:
  - Maintain 90 days of recurring operating expenses.
- Debt Management:
  - Use hybrid approach for funding CIP by covering up to \$5 million with Stormwater and remainder with General Fund.
    - 1% increase = \$100K in revenues or \$1.2M in capital projects (Capital Projects typically cost \$10M).
    - Typical residential = \$14.90/monthly, 1% increase = \$0.15/monthly.
- Revenues:
  - Continue using the rate model to determine possible rate adjustments and minimize rate adjustments through use of the General Fund's capacity to fund capital improvement projects for stormwater management.

# Stormwater Fund

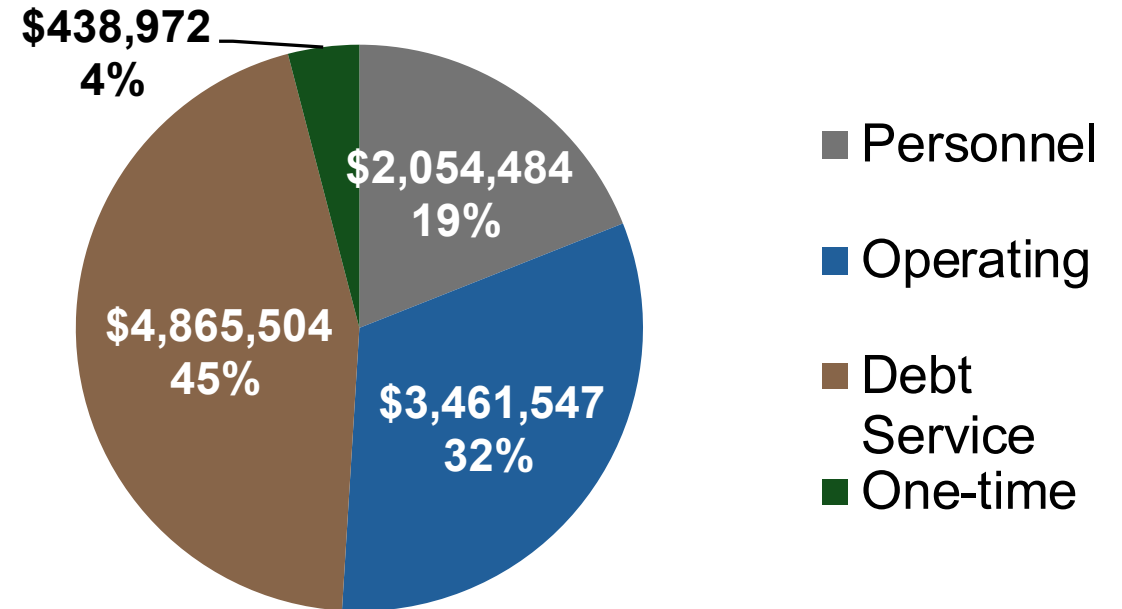
 FY 2027 is Structurally Balanced



**FY27 Revenues = \$10.4M**



**FY27 Expenses = \$10.8M**



Ending FY27 Fund Balance	\$3.2M
Ending FY27 Days of Cash on Hand	112
FY27 Fund Balance Requirement for 90 Days	\$2.6M

# Stormwater Budget Considerations



Public Safety, Core Services & Fiscal Excellence

## Cost Drivers

- 3% increase in personnel costs = \$59K.
- Increase to MS4 compliance cost = \$41K.
- Increase in debt service for FY26 CIP = \$233K.
  - Annual CIP up to \$5M = Stormwater, over \$5M = General Fund.

# Stormwater Supplemental Requests



Not included in the FY27 Preliminary Budget

Stormwater Fund	Count	Amount
Budget Supplemental Requests: Operating – Increase for mowing contract	1	\$51,990

# Stormwater Fund – Decision Points



- Other direction for staff?



# Resource Recovery Fund




# Resource Recovery Fund

What we heard from City Council during Budget Policy:

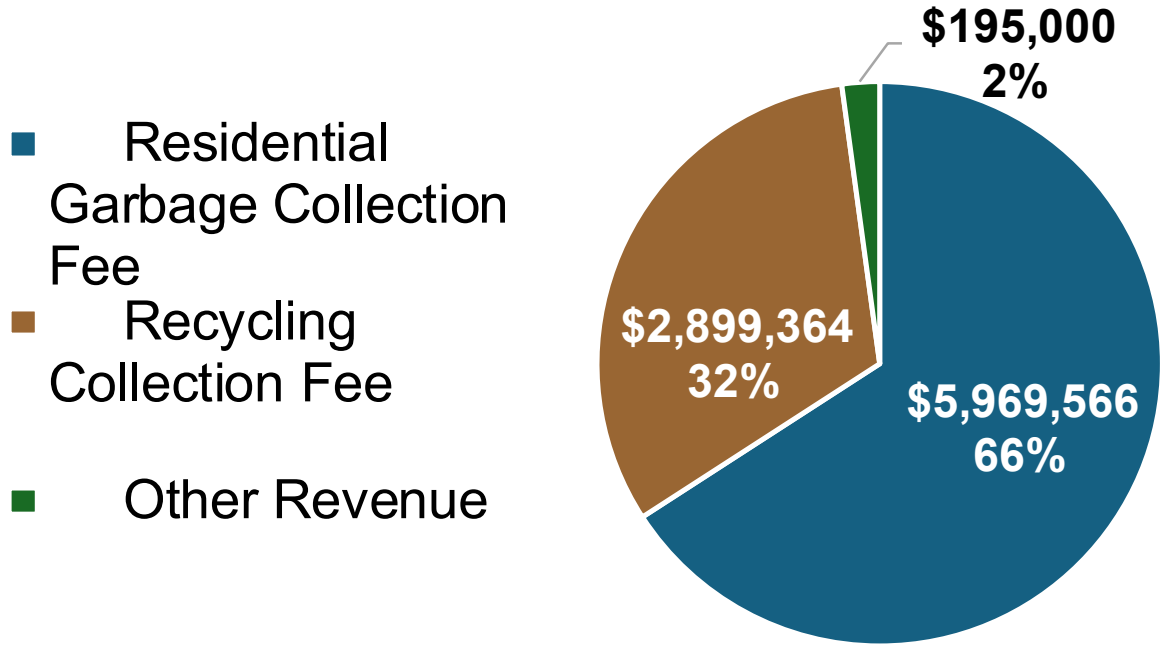
- Fund Balance:
  - Maintain 90 days of recurring operating expenses with leeway of implementation due to construction of new Resource Recovery facility.

# Resource Recovery Fund

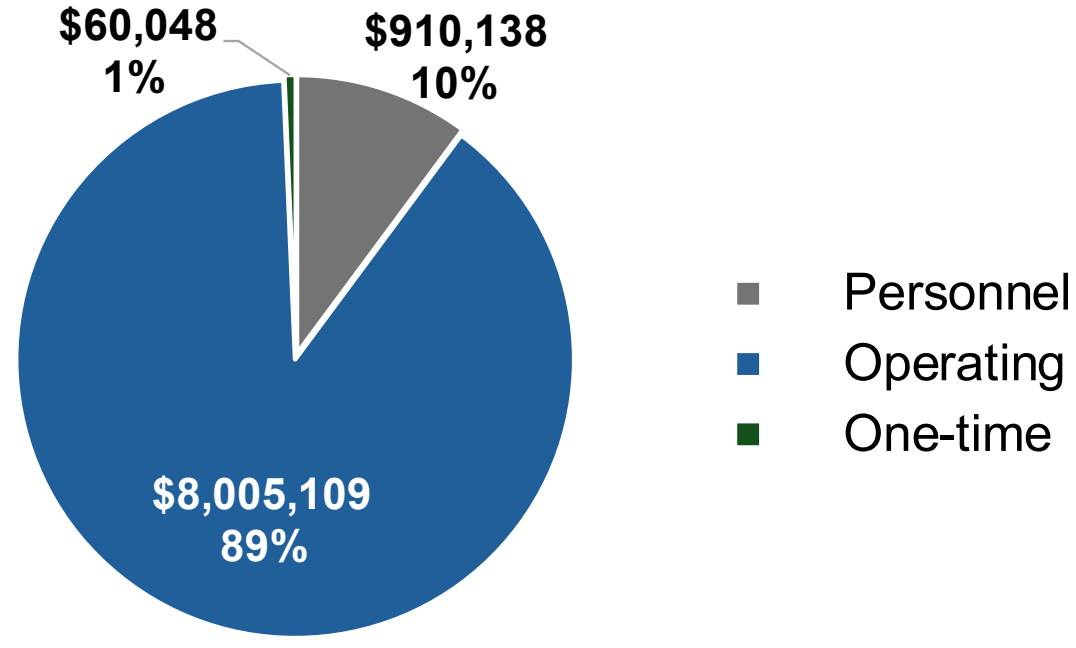
 FY 2027 is Structurally Balanced



**FY 27 Revenues = \$9.1M**



**FY 27 Expenses = \$9.0M**



Ending FY27 Fund Balance	\$4.0M
Ending FY27 Days of Cash on Hand	161
FY27 Fund Balance Requirement for 90 Days	\$2.2M

# Resource Recovery Budget Considerations



 Public Safety, Core Services & Fiscal Excellence

 Environmental Protection

## Revenues

- 1% Rate adjustment.

## Cost Drivers

- 3% increase in personnel costs = \$15K.
- 3% increase to garbage and recycle contracts = \$250K.

# Resource Recovery – Decision Points



- Approve a 1% rate increase in Resource Recovery to prevent a larger increase in future years?
- Other direction for staff?



# Airport Fund


# Airport Fund



## What we heard from City Council during Budget Policy:

- Fund Balance:
  - Maintain 60 days of recurring operating expenses.
- Revenues:
  - Identify the appropriate time for utilizing property tax revenues generated at the airport for airport operations in FY 2028.

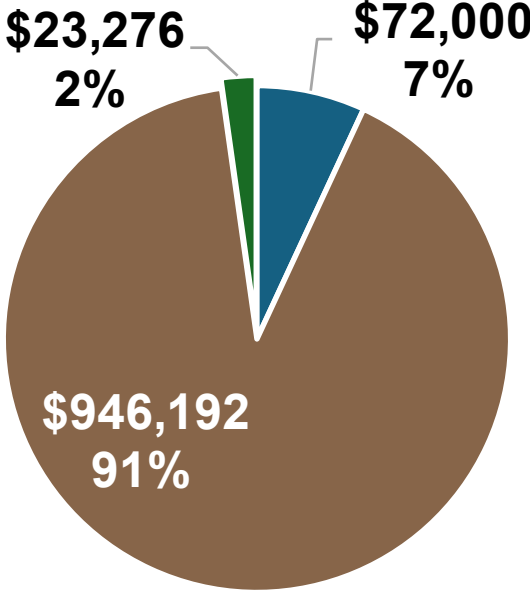
# Airport Fund

 FY 2027 is Structurally Balanced



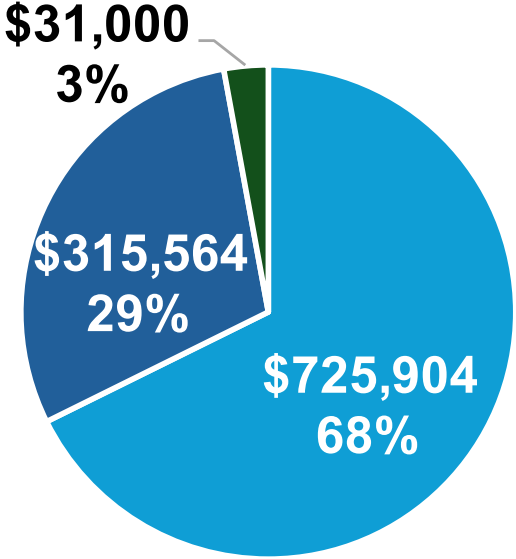
**FY27 Revenues = \$1.0M**

- Fuel Sales
- Rentals/Leases
- Other Revenue



**FY27 Expenses = \$1.1M**

- Contract Services
- Operating
- One-time



Ending FY27 Fund Balance	\$185K
Ending FY27 Days of Cash on Hand	64
FY27 Fund Balance Requirement for 60 Days	\$174K

# Airport Budget Considerations



Economic Vitality



Mobility & Connectivity

## Cost Drivers

- Airport operational contract:
  - Annual 2% increase = \$12K.
  - Increase for expiring federal funding = \$90K.
- Increase to indirect cost (General Fund and IT ISF) = \$141K:
  - Increase is primarily due to contracted services for maintenance and repair of city-owned facilities at the airport.
  - Airport fund capacity only able to absorb \$6K and General Fund is absorbing the remaining \$135K for FY27.

# Airport Supplemental Requests



## Not included in the FY27 Preliminary Budget

Airport Fund	Count	Amount
Budget Supplemental Requests: Operating – contract increase	1	\$72,545
Budget Supplemental Requests: Capital – Parking lot (\$150K), and Repaint/repair management buildings/HVAC (\$60K)	2	\$210,000

Note: If Airport doesn't have capacity for requested capital outlay, the requests are prioritized with other General Fund requests.



# Airport Fund – Decision Points

- Other direction for staff?



# Transit Fund




# Transit Fund

What we heard from City Council during Budget Policy:

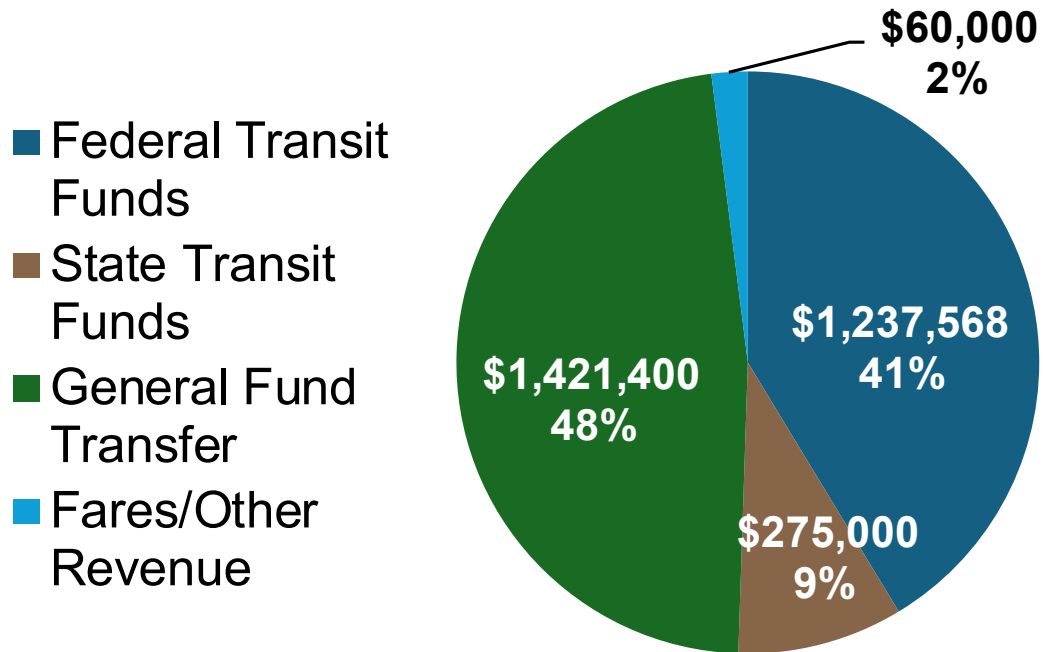
- Fund Balance:
  - Maintain 60 days of recurring operating expenses.

# Transit Fund

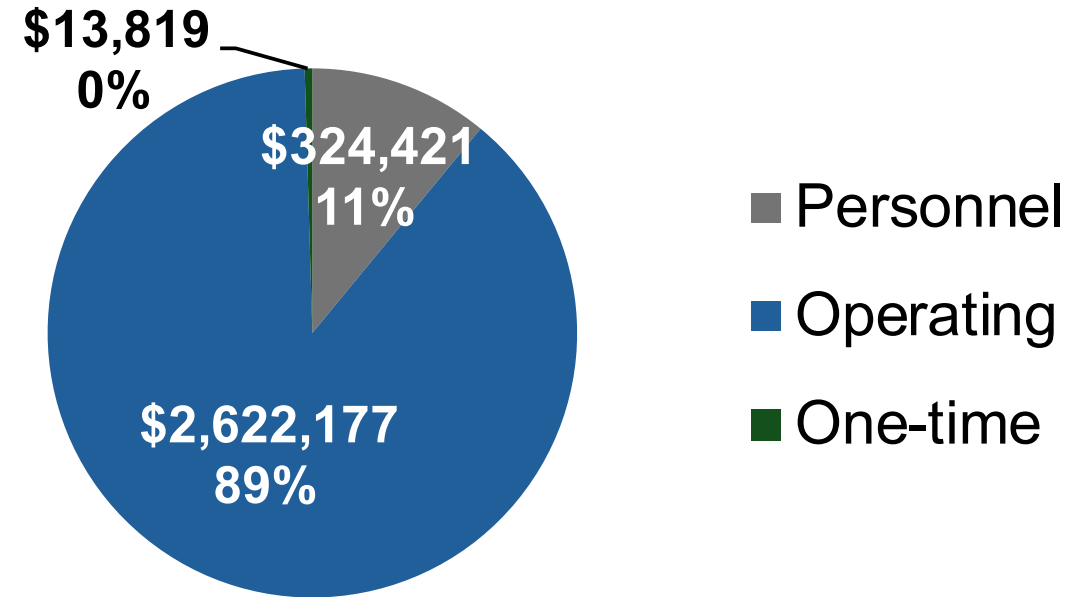
 FY 2027 is Structurally Balanced



**FY27 Revenues = \$3.0M**



**FY27 Expenses = \$3.0M**



Ending FY27 Fund Balance	\$896K
Ending FY27 Days of Cash on Hand	109
FY27 Fund Balance Requirement for 60 Days	\$491K

# Transit Budget Considerations



## Mobility & Connectivity

### Revenues

- Loss of CARES/ARP Federal Funding = \$213K increase in General Fund Transfer.

### Cost Drivers

- 3% Increase in Personnel Costs = \$5K.
- General Fund's contribution will increase approximately \$137K in FY2028 due to CARES and ARP funding ending.
- \$1.8M in grant funding will be included on carryforward for 7 vehicles not yet purchased.

# Transit Fund – Decision Points



- Other direction for staff?



# Next Steps

- Budget submitted to City Council and Maximum Proposed Tax Rate Set – August 18<sup>th</sup>
- Opportunities for Additional Community Input
  - Neighborhood Commission Presentation – August 19<sup>th</sup>
  - 2 Budget Public Hearings – September 1<sup>st</sup> and 15<sup>th</sup>
  - 2 Tax Rate Public Hearings – September 1<sup>st</sup> and 15<sup>th</sup>
  - Public Hearing for Fee Increases – September 1<sup>st</sup>
- Council considers Budget and Tax Rate Adoption – September 15<sup>th</sup>



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**Rodney Gonzales**  
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# Questions

