



CITY COUNCIL WORKSHOP

CITY OF FAIR OAKS RANCH, TEXAS

AGENDA TOPIC: FY 2025-26 General Fund Department Budget Workshop: Finance, City Secretary, Administration, Communications, Human Resources, Information Technology, and Non-departmental/shared

DATE: June 19, 2025

DEPARTMENT: Finance, City Secretary, Administration, Communications, Human Resources, Information Technology, and Non-departmental/shared

PRESENTED BY: Summer Fleming, CGFO, Director of Finance
Christina Picioccio, TRMC, City Secretary
Jim Williams, MBA, ICMA-CM, Assistant City Manager
Joanna Merrill, PSHRA-SCP, Director of Human Resources & Communications
Brian LeJeune, Information Technology Manager

INTRODUCTION/BACKGROUND:

Tonight marks the second workshop focused on the proposed FY 2025-26 departmental budgets.

At the previous meeting, staff presented the budgets for Public Safety and Public Works. This evening, presentations will be provided on the proposed budgets for Finance, Human Resources, Communications, Administration, the City Secretary's Office, and Information Technology. These workshops are designed to produce actionable outcomes, including revised budget proposals or adjustments to service priorities, based on Council's feedback and direction.

The only remaining General Fund department yet to be presented is Municipal Court, which will be included at the next Council meeting alongside the Utility Fund budget.

POLICY ANALYSIS/BENEFIT(S) TO CITIZENS:

Budget workshops encourage open discussion and collaboration between residents and officials, fostering a sense of ownership and trust in the budget process.

LONGTERM FINANCIAL & BUDGETARY IMPACT:

General Fund Budget Overview:

The proposed FY 2025-26 General Fund budget projects total revenues of \$10.97 million, reflecting a 4.8% increase in property tax revenue and a 2.2% increase in sales tax revenue. Operating expenditures are proposed at \$10.25 million, an increase of 3.7% over the prior year. However, total expenditures—including capital and transfers—are decreasing slightly by 0.05%, or \$4,906.

The resulting budget surplus of \$259,748 is primarily allocated to support the City's operating reserve target of 50% of annual operating expenditures. With this budget, the unassigned fund balance is projected at \$2.57 million.

Finance Department Summary:

The proposed Finance Department budget totals \$770,460, with approximately 44% of that amount funded by the Utility Fund. Personnel costs comprise 79.6% of the department's budget, while services account for the remaining 20%. The overall department budget is increasing by 5.6%, primarily due to higher fees from appraisal districts and the inclusion of costs related to investment advisory and debt disclosure services.

Non-Departmental / Shared Services Summary:

The proposed budget for shared costs is \$765,537, with 13% funded by the Utility Fund. Transfers to the Strategic Projects Fund and Equipment Replacement Fund make up 47% of the total, while shared services such as facility contracts, electricity and liability insurance represent 41%. The overall budget reflects a 28% decrease from the prior year, primarily due to reduced transfers to the Strategic Projects Fund. Notable budget items include \$29,098 for new carpet in the Public Safety Training Room and \$52,000 for City events, previously budgeted within the Human Resources Department.

City Secretary Department Summary:

The proposed budget for the City Secretary's Office is \$327,652, reflecting a 9.6% increase. The department is primarily funded by the General Fund, with only 1% supported by the Utility Fund. The increase is largely due to professional services, including \$12,450 for recodification and Unified Development Code (UDC) updates.

Administration Department Summary:

The Administration Department's proposed budget is \$940,814, with 21% funded by the Utility Fund. Personnel costs account for 85% of the total, and services comprise nearly 15%. The budget reflects a 3.95% increase over the prior year, with no major changes proposed.

Communications Department Summary:

FY 2025-26 marks the first year Communications is budgeted as a standalone department, having previously been combined with Human Resources. The proposed budget totals \$152,799, a 10.4% increase, with 48% funded by the Utility Fund. The largest increase is in professional services, including \$10,000 for new software to enhance communications, public outreach, and data analysis.

Human Resources Department Summary:

The proposed Human Resources budget is \$332,655, with 48% funded by the Utility Fund. This represents a 6% increase over the prior year. Included in the increase is \$6,000 in professional services for the addition of retirement investment advisory services.

Information Technology Department Summary:

The proposed Information Technology budget is \$801,168, with 42% funded by the Utility Fund. The budget reflects a 2% increase, though additional requests are pending review pending completion of the IT Master Plan. Notable items currently included are \$14,500 for Public Safety phone services and \$27,000 for annual workstation replacements.