



## City Council Agenda Report

**Meeting Date:** May, 27, 2025

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**Approved By:** Gabe England

### **Subject: Proposed FY 2025/26 Operating Budget and FY2026-2030 Five-Year Capital & Major Maintenance Program**

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#### **COUNCIL PRIORITY AREA**

- ☒Public Safety
- ☒Business Communities
- ☒Circulation Safety and Efficiency
- ☒Environmental Sustainability
- ☒Housing
- ☒General Government

#### **RECOMMENDATION**

Discuss the proposed FY2025/26 Operating Budget and FY2026–2030 Capital Improvement and Major Maintenance Program (CIMMP), and provide direction to staff for any revisions prior to final adoption.

#### **FISCAL IMPACT**

This item presents a review of the proposed FY2025/26 Operating Budget and FY2026–2030 Capital Improvement and Major Maintenance Program (CIMMP). While there is no immediate fiscal impact from this discussion, the financial implications will be finalized upon Council adoption of the budget and capital plan.

#### **ENVIRONMENTAL REVIEW**

Not applicable

#### **PREVIOUS COUNCIL CONSIDERATION**

June 10, 2024

#### **BACKGROUND**

Each year, staff prepares the Operating Budget and Capital Improvement and Major Maintenance Program (CIMMP) to align with the City Council's strategic priorities. The Operating Budget outlines the City's planned revenues and expenditures for the fiscal year, while the CIMMP identifies capital projects over a five-year period. Both documents are developed in coordination with all departments, reviewed by the Financial Commission, and presented to Council for input during the study session prior to adoption.

#### **ANALYSIS**

The proposed FY2025/26 Operating Budget includes \$65.1 million in General Fund revenues, reflecting a 3% increase over estimated revenues for FY2024/25. This growth is primarily driven by a 7% projected increase in property tax revenue and a 10% rise in recreation program revenue, along with continued collections from the transient occupancy tax (TOT), documentary transfer tax (DDT), and utility users tax (UUT).

General Fund expenditures are projected at \$56.6 million, reflecting a 10% increase compared to FY2024/25 estimates. This increase is driven by several factors, including rising personnel costs - such as the filling of previously vacant positions - as well as increases in the City's contracts for fire protection and animal control services. Additional cost growth is related to the implementation of a new parking management program, which includes contracted parking enforcement services. Departmentally, Development Services is projected to increase by 24%, largely due to consultant costs for plan check services, work on the Urban Forest Master Plan, and support for below-market-rate (BMR) housing. Parks and Recreation expenditures are also expected to rise by 10% to support expanded programs and community activities.

The proposed budget results in a projected \$8.5 million surplus. After planned transfers to reserves and internal service funds, the unassigned General Fund balance is estimated at \$17.2 million, which represents 30% of budgeted expenditures. This is in addition to the City's 20% Emergency and Operating Reserve, reflecting a strong and stable financial position.

The FY2026 Capital Improvement and Major Maintenance Program (CIMMP) includes \$24.6 million in planned projects, with a total of \$53.2 million programmed through FY2030. Major FY2026 projects include citywide street resurfacing and slurry seal, planning and design of a downtown park space with parking, the San Antonio Complete Streets project, and improvements to dog parks and playgrounds. These projects will be funded through a combination of General Fund contributions, state transportation revenues (SB1, Measure B, Gas Tax), and grants.

## **DISCUSSION**

The FY2025/26 Operating Budget and FY2026–30 Capital Improvement and Major Maintenance Program (CIMMP) have been developed in alignment with Council's strategic goals and current financial policies. This study session is intended to present the full scope of projected revenues, expenditures, and capital investments, along with associated fund balances and reserve levels. Staff will provide an overview of the major changes from the prior fiscal year and highlight key program and project adjustments. Feedback from the study session will be used to finalize the documents in preparation for formal adoption in June 2025.

## **ATTACHMENTS**

- 1. Proposed FY2025/26 Budget - General Fund and Enterprise Funds Summary**
- 2. Draft FY2025 and FY2026 Fund Balance Summary**
- 3. Draft FY2025-30 Capital Improvement and Major Maintenance Program (CIMMP)**