



**AGENDA MEMORANDUM**  
City Council Meeting of August 7, 2025

**DATE:** July 29, 2025  
**TO:** Peter Zaroni, City Manager  
**FROM:** Amy Cowley, Director of Management and Budget  
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**FY 2026 Proposed Budget Workshop #1: All Funds Budget Overview and  
General Fund Proposed Budget**

**STAFF PRESENTER(S):**

	<b><u>Name</u></b>	<b><u>Title/Position</u></b>	<b><u>Department</u></b>
1.	Amy Cowley	Director of Management and Budget	Management and Budget

**ISSUE:**

This is the first of four City Council workshops to discuss the FY 2026 proposed operating and capital budget. The topic for the first workshop includes an all funds budget overview and the General Fund proposed budget.

**BACKGROUND:**

Early projections for the Fiscal Year 2026 General Fund assumed little revenue growth, resulting in a forecasted \$7 million shortfall compared to the City's expenditures. The decision to increase property tax exemptions and no longer collect revenue from the Street User Fee was a significant factor in the forecasted shortfall. However, the City Manager's Office and Office of Management and Budget collaborated with all City departments to develop a balanced proposed budget and maintain sound fiscal management of the organization. This was accomplished through a combination of cost reductions and revenue adjustments. The proposed budget also includes select improvements to meet Council priorities and community feedback, as well as mandated cost increases to meet contractual obligations and operate bond program projects. Additionally, the proposed budget includes a 1% cost of living adjustment for all civilian employees October 1, performance pay funded at an average of 2% beginning January 1, and improvements to the Texas Municipal Retirement System plan for Police and

civilian employees.

The next step in the Fiscal Year 2026 Budget Process is to collect feedback from the City Council and the community through budget workshops and community input sessions.

The first of four budget workshops will be held on Thursday, August 7, 2025 at 9:00 am. At the workshop, the City Council will be presented with an overview of the FY 2026 proposed budget and additional detail on the General Fund proposed budget. We will walk through how we were able to overcome the forecasted \$7 million shortfall in General Fund revenues and the recommendations from the departments based on their critical review of operations. The All-Funds proposed budget is lower by 12.1% from \$1.8 billion in FY 2025 to \$1.6 billion in FY 2026.

**LIST OF SUPPORTING DOCUMENTS:**

PowerPoint – not attached

[FY 2026 Proposed Operating Budget](#)

[FY 2026 Proposed Capital Budget](#)