



FY 2026 Proposed Budget

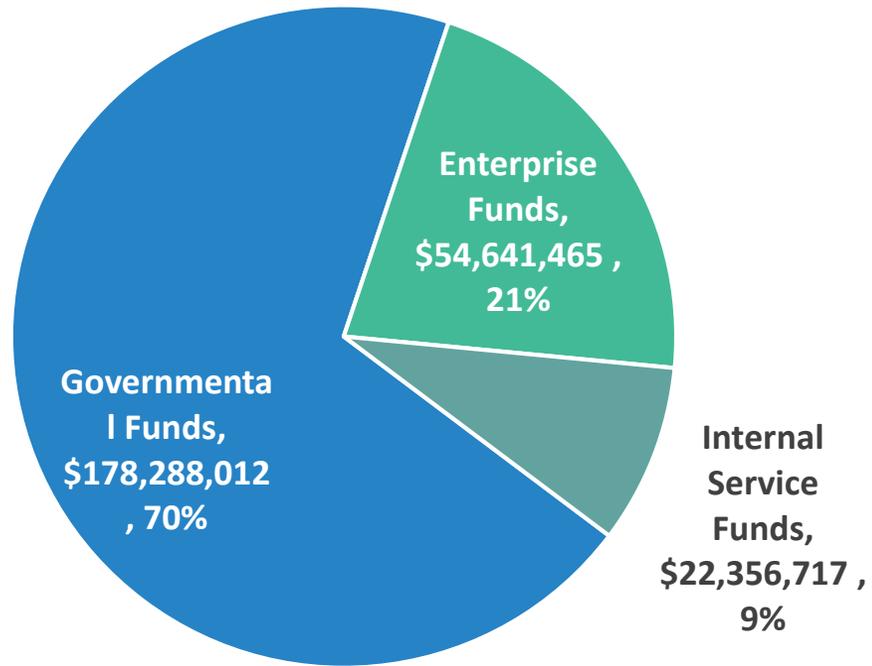
Jesús A. Garza
City Manager

September 9, 2025

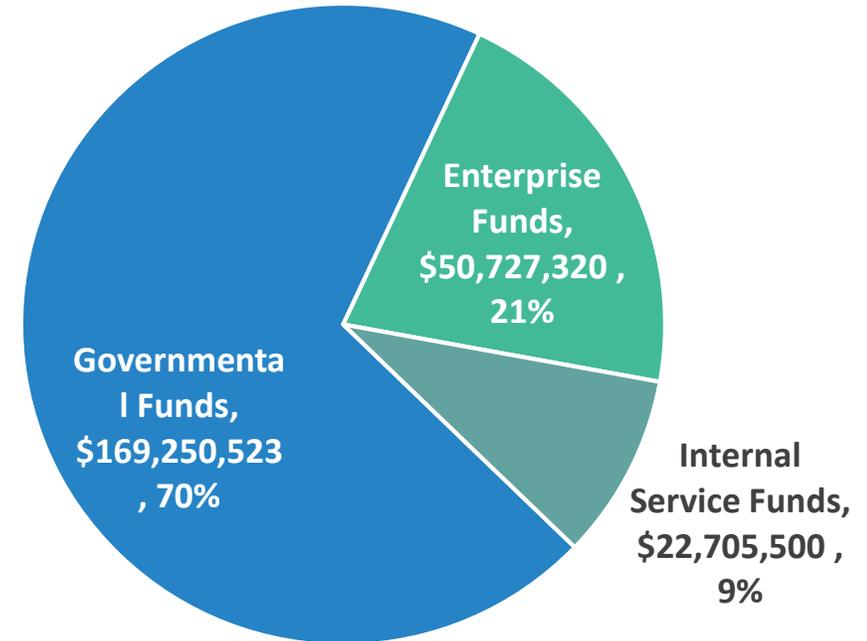


FY 2026 COV Overall Budget

Expense Budget: \$255 M



Revenue Budget: \$243 M



Governmental Funds – used to account for activities supported by taxes, grants, and similar revenue sources.

Enterprise Funds - provide goods & services to the public for a fee that is meant to make the entity self-sustaining.

Internal Services Funds - provide goods & services to other governmental departments, based on cost reimbursement.

Summary of Changes (\$0.4790) – Bond Redemption Program, Tax Rate Adjustment, Water Fund Pay Program

~\$0.01 ↓ to
I&S in FY27
2.5% ↑
from FY25

	Revenues	Expenditures
Proposed Budget 8/5/2025	\$242,083,343	\$253,982,394
Bond Redemption Program	600,000	1,200,000
Tax Rate (\$0.4820 to \$0.4790)	<161,332>	-
Revenue Adjustment	162,000	-
Expenditure Adjustments	-	<104,051>
Subtotal Adjustments	600,688	1,095,949
Proposed Budget 9/2/2025	\$242,684,011	\$255,078,343
Water Fund Pay Program	-	207,851
Proposed Budget 9/9/2025	\$242,684,011	\$255,286,194

Use of Excess Fund Balance/Working Capital

Fund	FY25	FY26
General Fund	\$3,545,614	\$5,703,285
Water / Wastewater Utility Fund	\$4,392,714	\$659,442
Environmental Services Fund	0	\$2,599,977
Motel Tax Fund	\$133,602	\$818,443
Other	\$1,896,358*	\$2,793,134**
Total	\$9,968,288	\$12,574,281

- Amounts used for one-time expenses only
- Funds available due to surplus in prior year
- All funds maintain adequate reserves after accounting for these drawdowns

*Primarily CIP accumulated interest income

**Community Center Fund CIP transfer, Health Plan Fund, CIP accumulated interest

BUDGET 2025 2026

City of Victoria Expense Budget

GOVERNMENTAL FUNDS

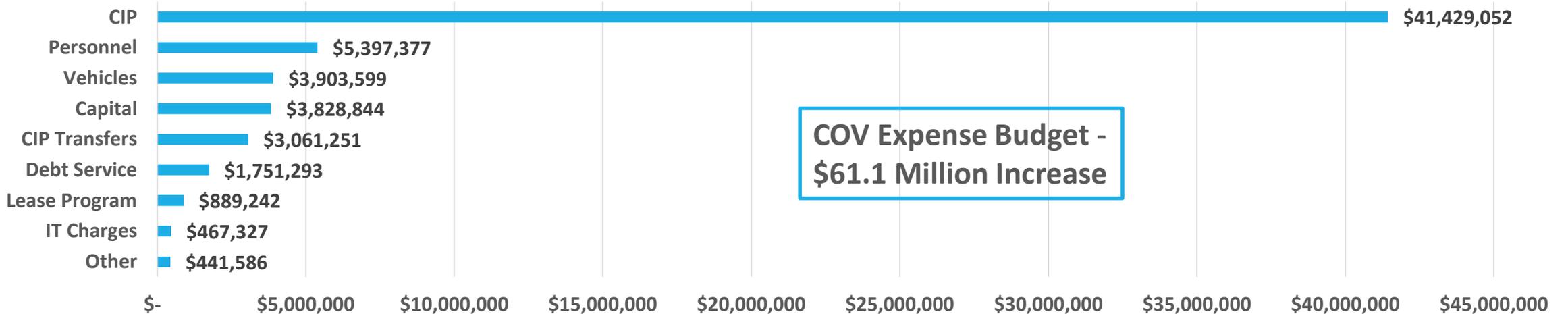
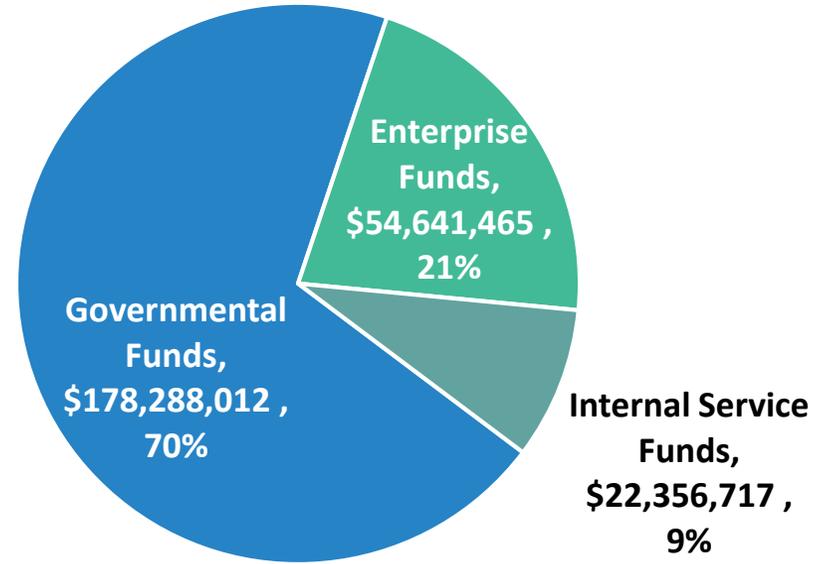
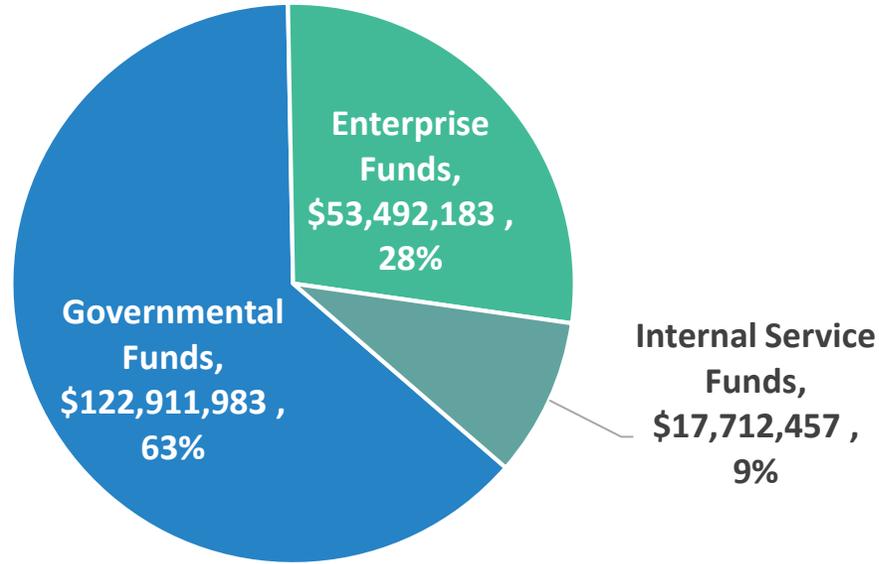
ENTERPRISE FUNDS

INTERNAL SERVICES FUNDS

COV Expense Budget

FY2025 = \$194 M

FY2026 = \$255 M



COV Expense Budget - \$61.1 Million Increase

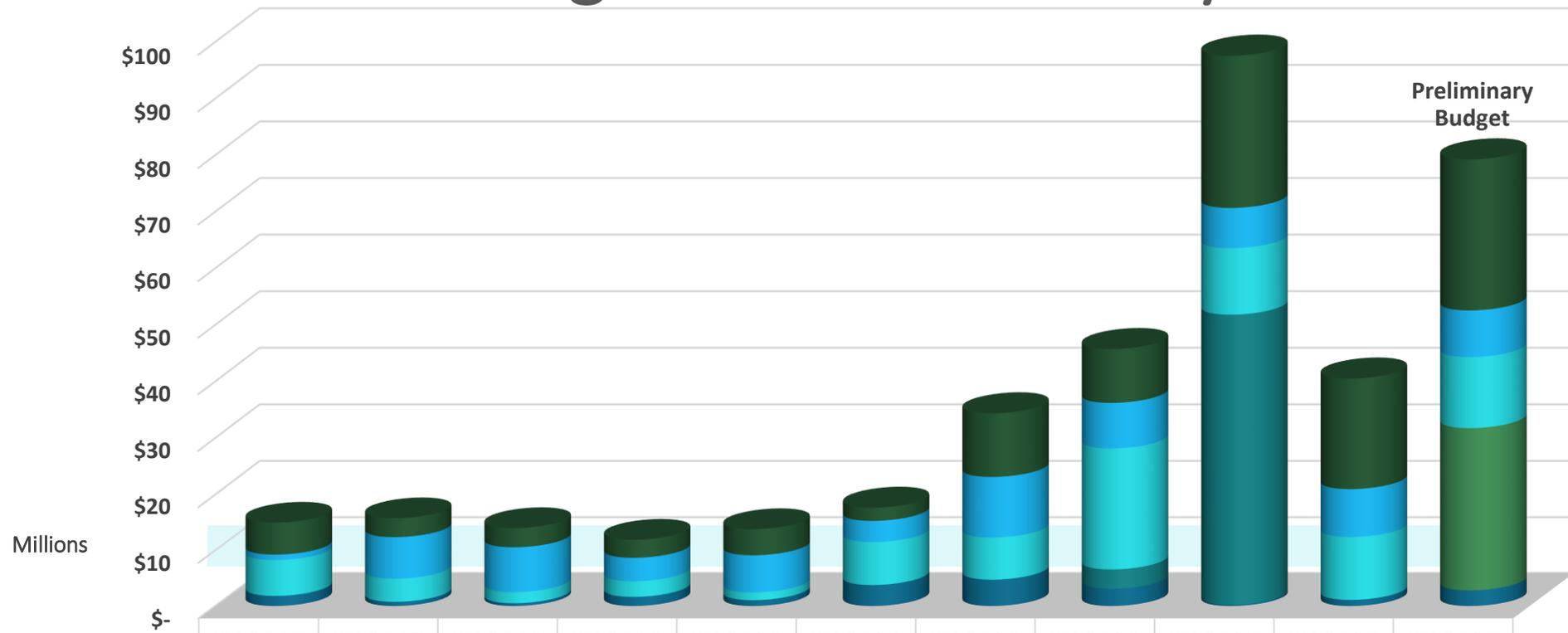
FY 2026 CIP Program Variance: \$38.7M

**CIP Program
Increased
\$38.7 Million**



CIP Programs	FY 2025	Original FY 2026	Adjustments	FY 2026	FY25 v FY26 Variance
Residential Streets	\$10.17	\$12.09	\$5.24	\$17.33	\$7.16
Residential / Drainage	9.36	-	9.36	9.36	-
Thoroughfare Streets	8.59	10.28	(2.04)	8.24	(0.35)
Utilities Design	1.46	-	0.14	0.14	(1.32)
Utilities SCADA	6.00	-	6.00	6.00	-
Utilities Construction	3.84	8.05	1.63	6.42	2.58
Community Center	-	-	28.94	28.94	28.94
Facilities Design	0.35	-	-	-	(0.35)
Streetlights	0.25	0.25	-	0.25	-
Parks	-	1.77	0.25	2.02	2.02
ERP Software	0.50	0.50	0.05	0.55	0.05
Total CIP Program:	\$40.52	\$32.94	\$46.31	\$79.25	\$38.73

CIP Program 10 Year History



	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	
Residential	\$5.76	\$3.39	\$3.45	\$3.25	\$4.71	\$2.38	\$11.24	\$9.52	\$26.91	\$19.53	\$26.69	
Thoroughfare	0.98	7.48	8.07	4.21	6.67	3.80	10.82	8.04	7.11	8.59	8.24	
Utilities	6.43	4.15	1.99	2.82	1.40	7.72	7.58	21.60	11.75	11.30	12.56	
Community Center	-	-	-	-	-	-	-	-	-	-	28.94	
Public Safety Bldg.	-	-	-	-	-	-	-	3.48	51.56	-	-	
Other	1.82	0.75	0.50	1.64	1.05	3.78	4.73	3.10	0.25	1.10	2.82	Total
Total CIP Program	\$14.99	\$15.77	\$14.01	\$11.91	\$13.83	\$17.68	\$34.37	\$45.74	\$97.58	\$40.52	\$79.25	\$370.7

2026 Pay Program: \$5.5 Million

FY 26

- PD & Fire Market/ STEP
- Gen Pop Market+Tenure

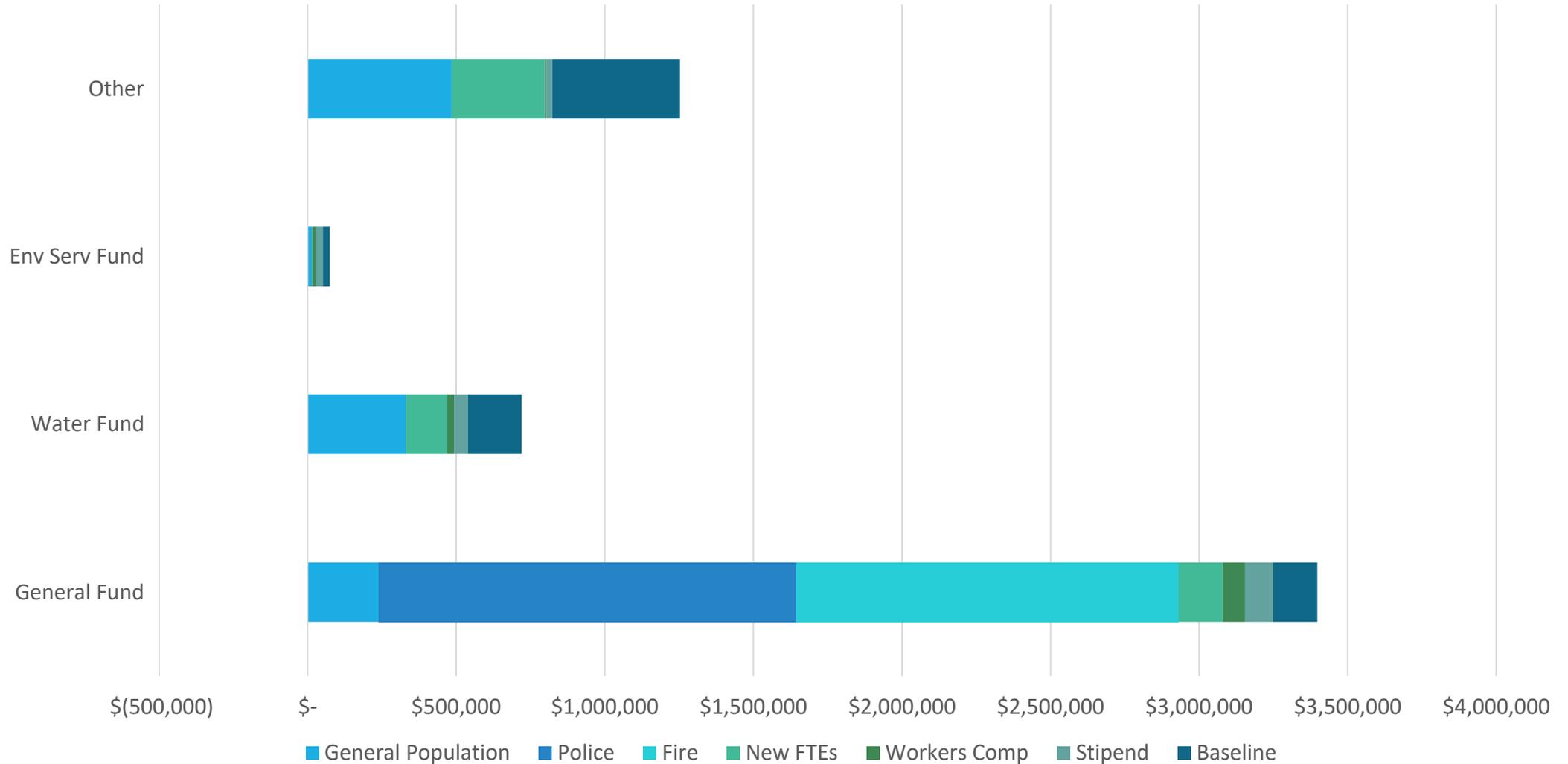
\$4.6M Budget Impact

- New PD & Fire Step Plans
- All positions adjusted to market based on compensation study
- Tenure factor of 1.5% for every 2 years of service applied to General Population
- Employees < \$500 raise will also receive \$1000 stipend

**Total Benefit
\$10.64 Million**

Pay Programs	Cost
Public Safety – Mkt Adj/STEP	\$2,690,866
Gen Pop – Mkt Adj/Tenure	1,171,421
2026 Pay Program Cost (Recurring)	\$3,862,287
New FTEs	580,230
Baseline Adjustments	179,034
Total Recurring Pay Program Cost	\$4,621,551
One-time Stipend Cost	\$150,041
One-time Workers Comp Cost	\$115,000
One-time PTO Buyback Cost	\$614,836
Total FY26 Pay Program	\$5,501,428

Personnel Cost Variance \$5.5 Million



City-Wide Fleet Acquisitions

- 9 Interceptors (includes upfitting) - \$660,127
- 4 Ambulances - \$1,854,628
- 3 Pumpers (10-year agreement) - \$3,809,430
- Brush Truck (buyout) - \$438,580
- 1 Bucket Truck - \$290,000
- 3 Automated Trucks - \$1,406,949

Public Safety Fleet
Acquisitions

\$6.3 Million



BUDGET 2025 2026

City of Victoria Revenue Budget

GOVERNMENTAL FUNDS

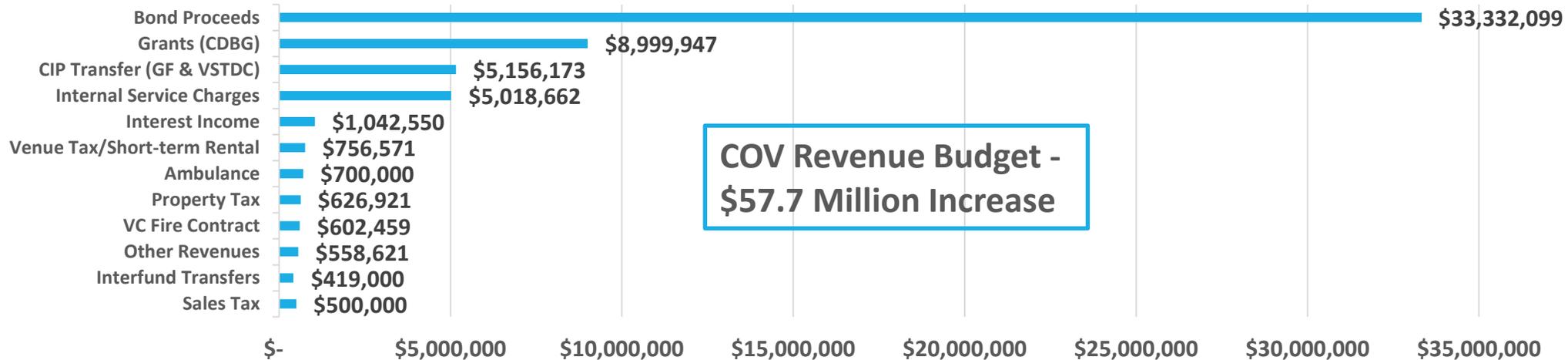
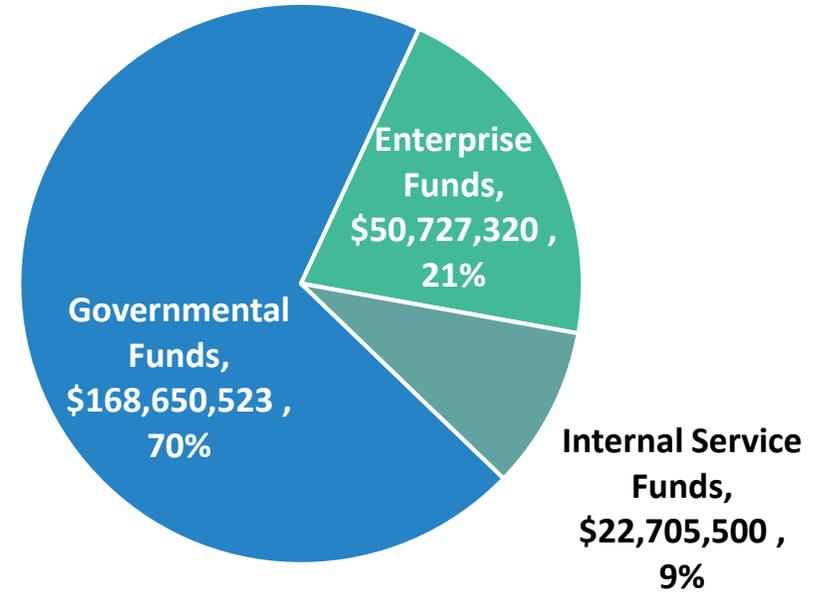
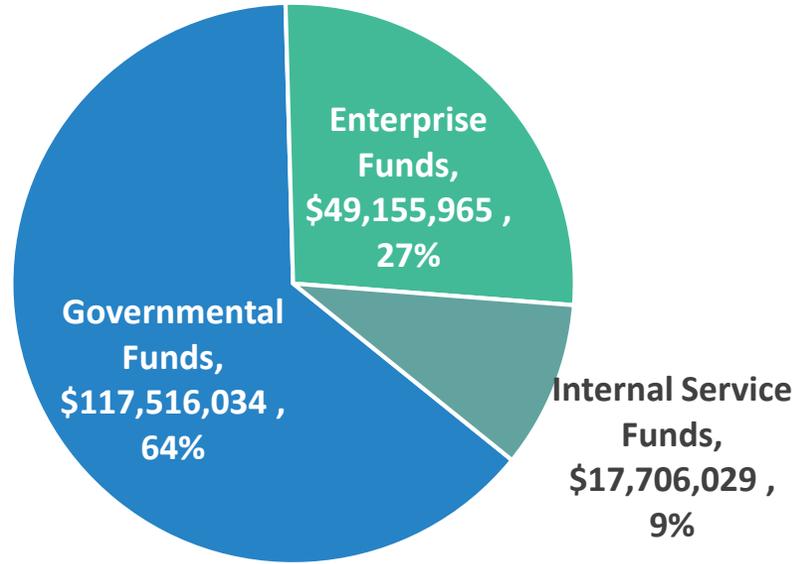
ENTERPRISE FUNDS

INTERNAL SERVICES FUNDS

COV Revenue Budget

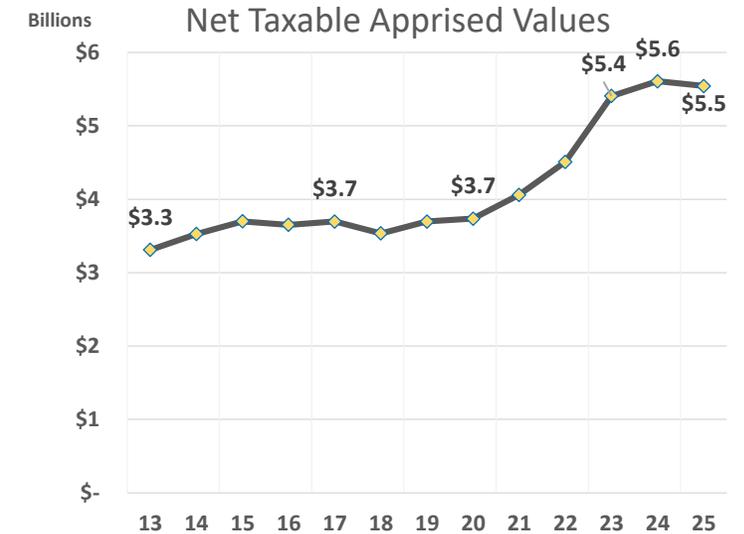
FY2025 = \$184 M

FY2026 = \$242 M



Property Values

Certified: 7/21/25 APPRAISED VALUES	FY 2025 2024 TAX ROLL	%	FY 2026 2025 TAX ROLL
Residential	\$3,746,852,181	-4.3	\$3,583,884,125
Land (other than AG)	105,186,967	9.3	115,012,372
Commercial / Industrial	2,475,007,491	2.8	2,543,992,890
Agriculture / Farming	1,005,178	-3.0	975,484
Special Inventory	56,652,028	0.5	54,198,968
Exempt Property	9,666,878	948.1	101,318,568
Certified Tax Roll	\$6,394,370,723	0.1	(a) \$6,399,382,407
ARB Under Protest	255,621,080	-9.3	231,749,984
Frozen	(1,040,821,366)	4.4	(1,087,074,026)
Net Taxable Appraised Values	\$5,609,170,437	-1.2	\$5,544,058,365
TIRZ Captured Value	\$ 9,381,986	163.5	\$ 24,721,580



(a) New Impv. \$27M /
New Rev. \$127K

TIRZ Revenue: FY 2026 = \$119K / FY 2025 = \$44K

Proposed Property Tax Rate

Proposed: TAX RATE CATEGORIES:	TOTAL	M&O	DEBT
Proposed Tax Rate	\$0.4790	\$0.3059	\$0.1731
Current Tax Rate	\$0.4707	\$0.2979	\$0.1728
Increase / (Decrease):	\$0.0083	\$0.0080	\$0.0003
No-New-Revenue-Tax-Rate:	\$0.4710	← Proposed Tax Rate is 1.70% or \$0.0080 higher than the NNRT	
Voter-Approval-Tax-Rate:	\$0.4820		
	FY 2025	FY 2026	FY 2027
Unused Increment Tax Rate:	\$0.0000	\$0.0030	n/a
2026 Property Tax Revenue:	New Improv.	Existing Values	Net Increase
▪ General Fund	\$79,666	\$385,923	\$465,589
▪ Debt Service Fund	46,475	(142,356)	(95,881)
▪ Total Tax Revenue	\$126,141	\$243,567	\$369,708
2026 Bond Redemption Program: \$600K			

Proposed Tax Rate Impact - Residential

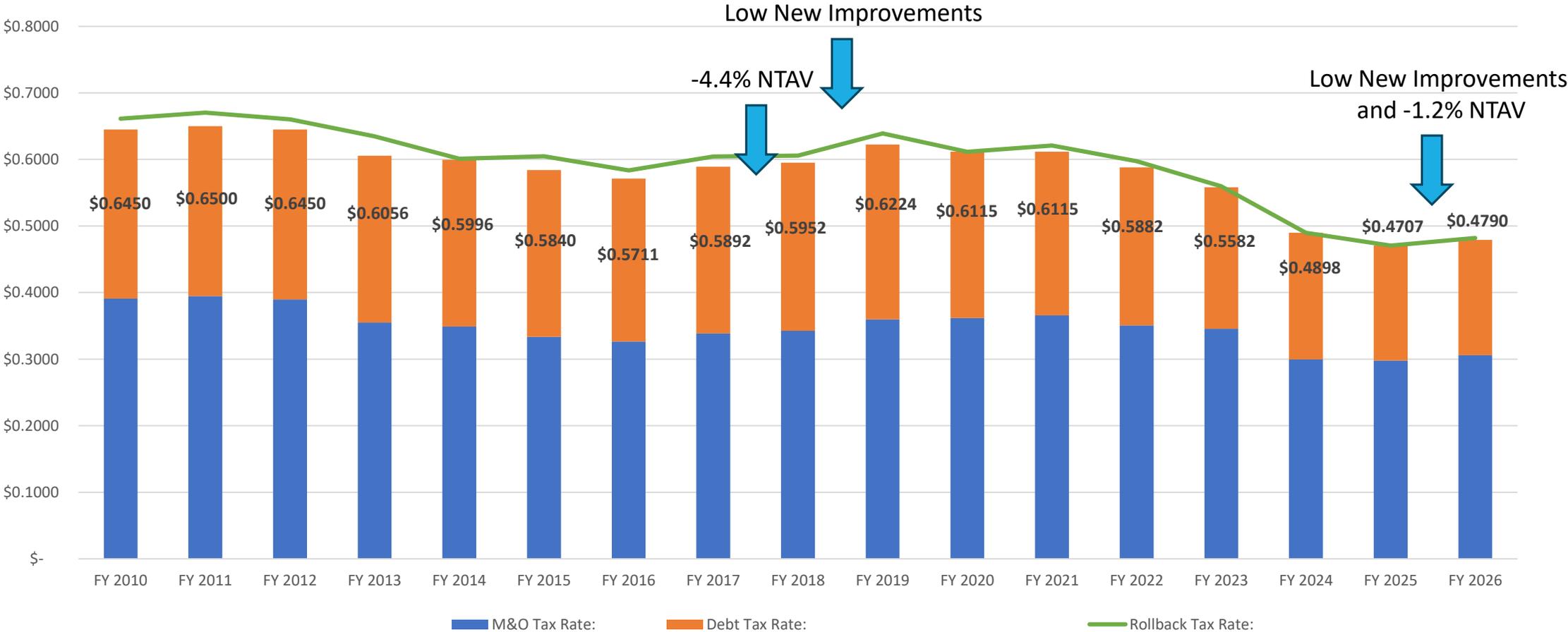


2024 Tax Roll Appraised Values	2025 Tax Roll w/Avg. 4.3% Value Decrease	FY 2026 Estimated Annual Taxes @ 47.90¢	FY 2025 Estimated Annual Taxes @ 47.07¢	Annual Est. Tax Decrease
\$100,000	\$ 95,700	\$ 458.40	\$ 470.70	(\$12.30)
\$150,000	\$143,550	\$ 687.60	\$ 706.05	(\$18.45)
\$200,000	\$191,400	\$ 916.81	\$ 941.40	(\$24.59)
\$250,000	\$239,250	\$1,146.01	\$1,176.75	(\$30.74)
\$300,000	\$287,100	\$1,375.21	\$1,412.10	(\$36.89)

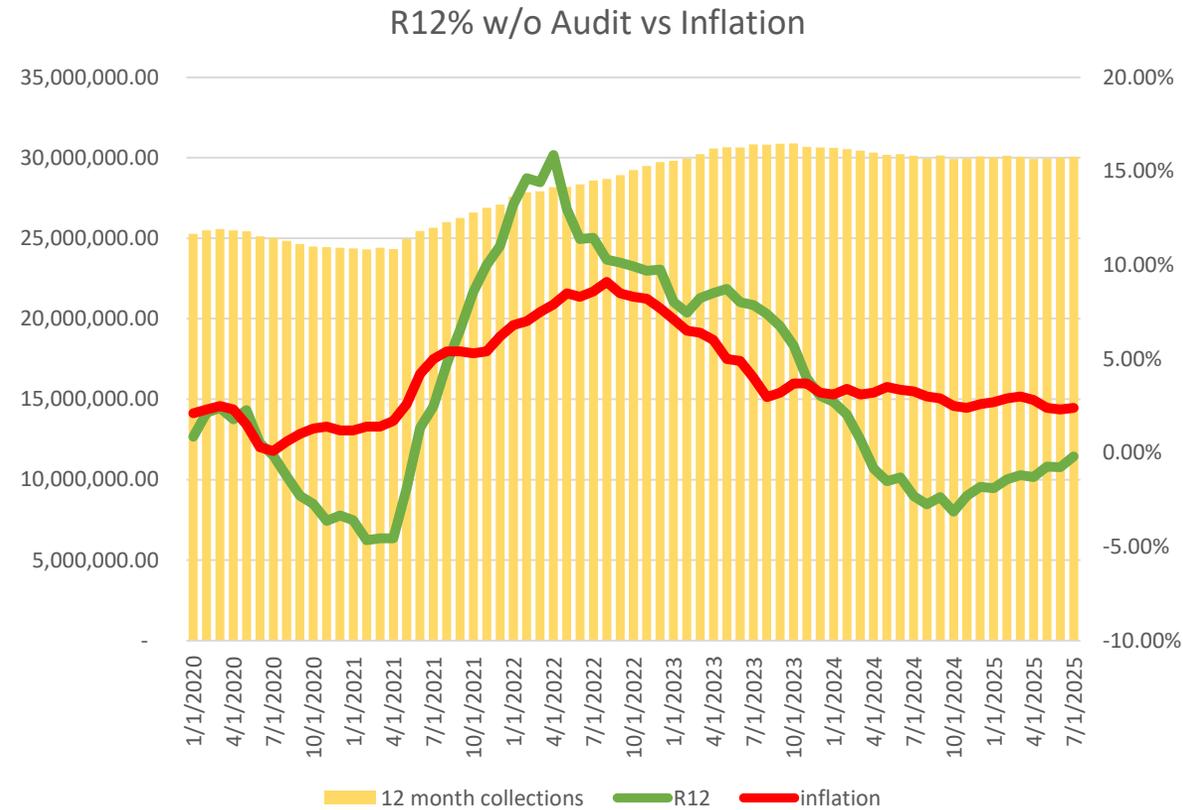
Entity Comparison

	City	County	College	VISD
NTAV	-1.32%	0.27%	-0.31%	-3.55%
New Improvements	\$26,848,610	\$101,277,893	\$104,386,262	\$90,455,767
Proposed Tax Rate	\$0.4790	\$0.3853	\$0.1832	\$0.8035
PY Tax Rate	\$0.4707	\$0.3880	\$0.1709	\$0.8035
% Change in Tax Rate	1.76%	-0.70%	7.20%	-
VATR	\$0.4820	\$0.4245	\$0.1833	\$0.8035
NNR	\$0.4710	\$0.3853	\$0.1710	\$0.7518
M&O Revenue from New Improvements	\$82,130	\$342,927	\$160,859	\$630,386

Tax Rate



Sales Tax Receipts



Month	FY 2022 Actual	FY 2023 Actual	FY 2024 Actual	FY 2025 Budget	FY 2025 Projected	FY 2026 Proposed
October	1,775,000	1,846,000	1,710,000	1,628,408	1,720,000	\$1,715,284
November	1,418,000	1,576,000	1,556,000	1,481,756	1,638,000	1,505,343
December	1,544,000	1,596,000	1,587,000	1,511,277	1,565,000	1,530,643
January	1,942,000	1,857,000	2,019,000	1,922,664	2,289,000	1,972,175
February	1,347,000	1,574,000	1,496,000	1,424,619	2,256,000	1,623,328
March	1,259,000	1,589,000	1,516,000	1,443,665	1,435,000	1,410,712
April	1,831,000	1,902,000	1,819,000	1,732,207	1,735,000	1,772,695
May	1,585,000	1,564,000	1,606,000	1,529,370	1,641,000	1,555,943
June	1,531,000	1,688,000	1,618,000	1,540,798	1,656,000	1,579,540
July	1,831,000	1,827,000	1,731,000	1,648,406	1,808,000	1,750,801
August	1,545,000	1,583,000	1,735,000	1,652,215	1,652,215	1,584,944
September	1,683,000	1,760,000	1,559,000	1,484,613	1,491,210	1,579,591
Total	19,291,000	20,362,000	19,952,000	19,000,000	20,886,425	\$ 19,581,000

↑ \$581K Variance ↓

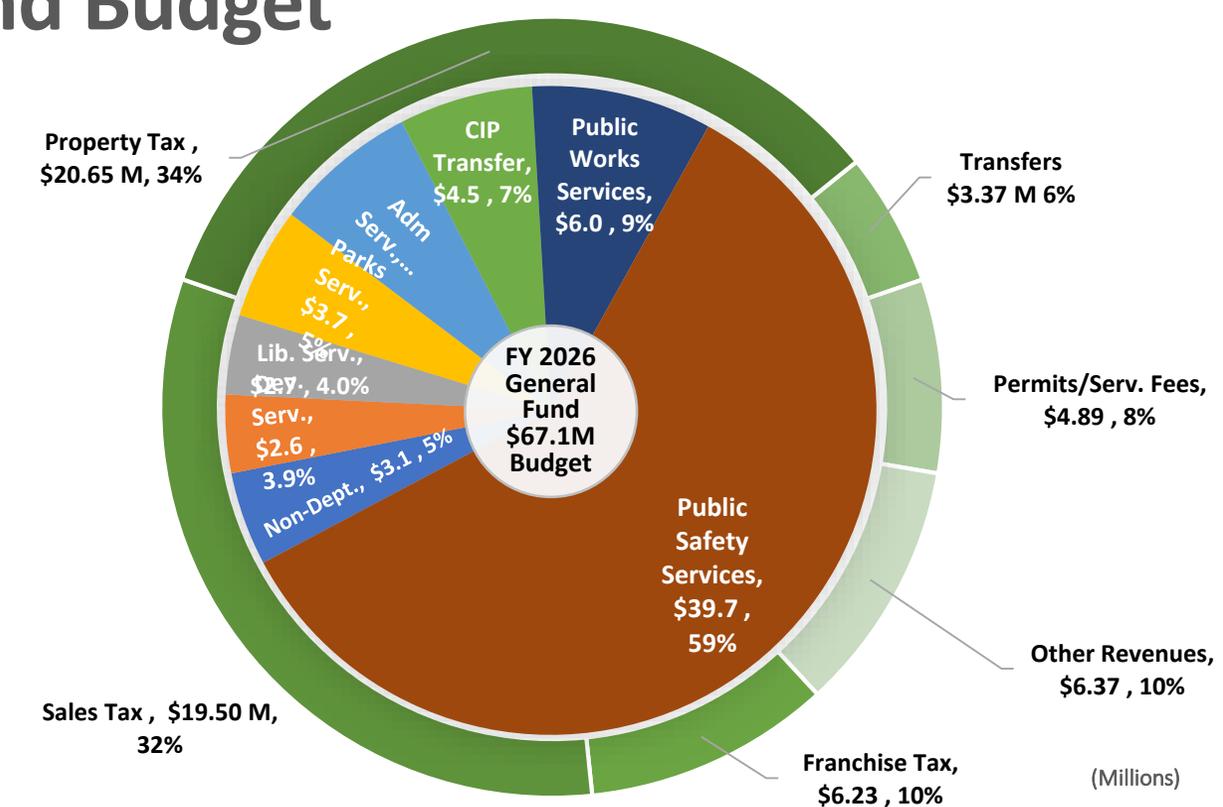
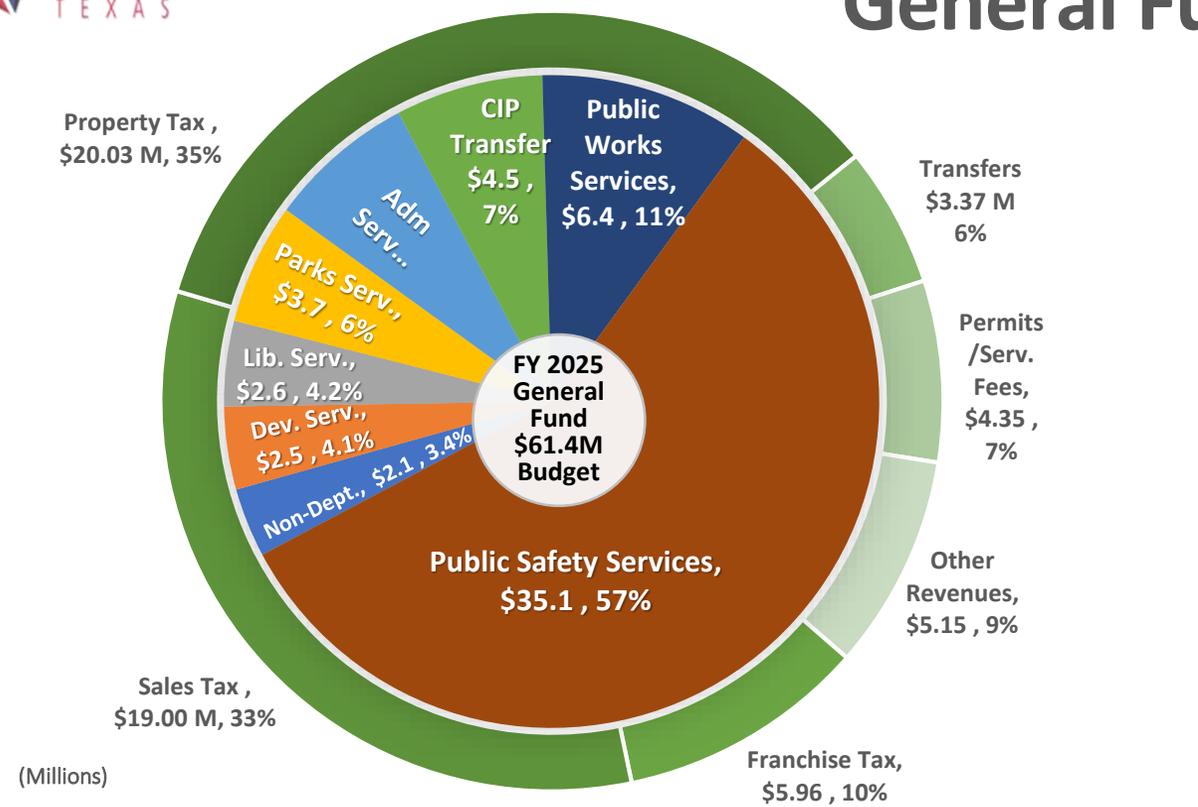
A **rolling average (R-12)** is a metric that calculates trends over periods of time using a set of data. Specifically, it helps calculate trends when they might otherwise be difficult to detect.

BUDGET 2025 2026

Other Budgetary Fund Highlights

-
- ❖ GENERAL FUND
 - ❖ UTILITY FUND
 - ❖ ENVIRON. SERV. FUND
 - ❖ HEALTH PLAN FUND
 - ❖ HOTEL TAX FUND

General Fund Budget



General Fund Expense Budget Increase \$5.63M





FY 2026 General Fund Fund Balance Analysis

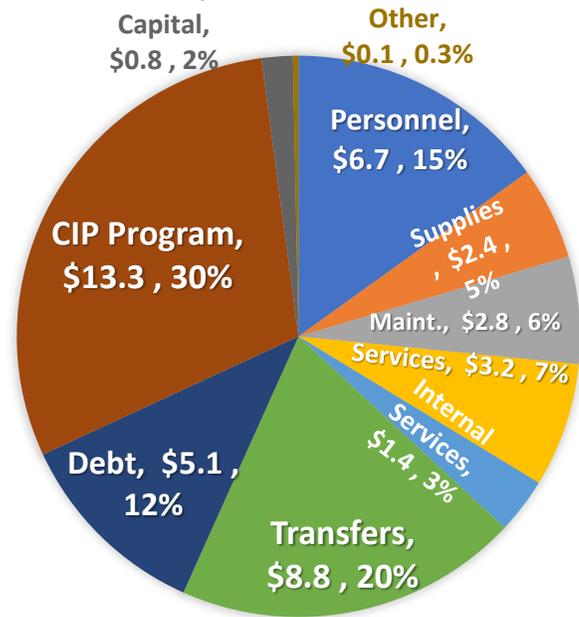


Utility Fund

- ❖ EXPENSE BUDGET
- ❖ REVENUE BUDGET

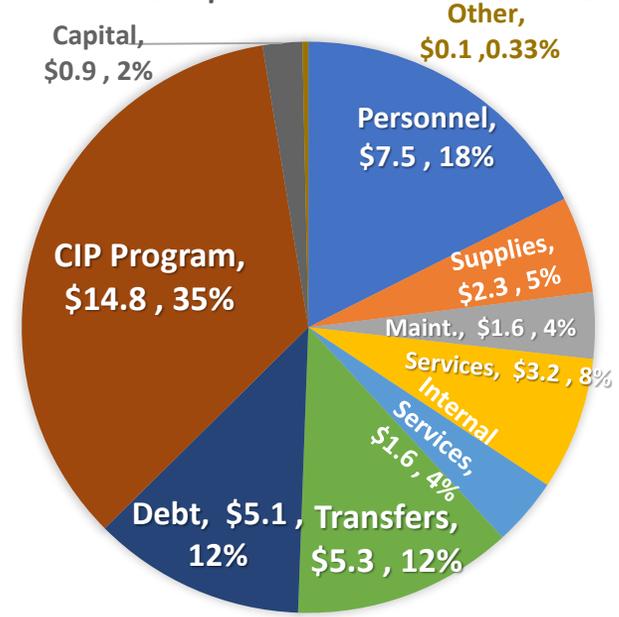
Utility Fund Expense Budget

FY 2025 - \$44.7 MILLION BUDGET



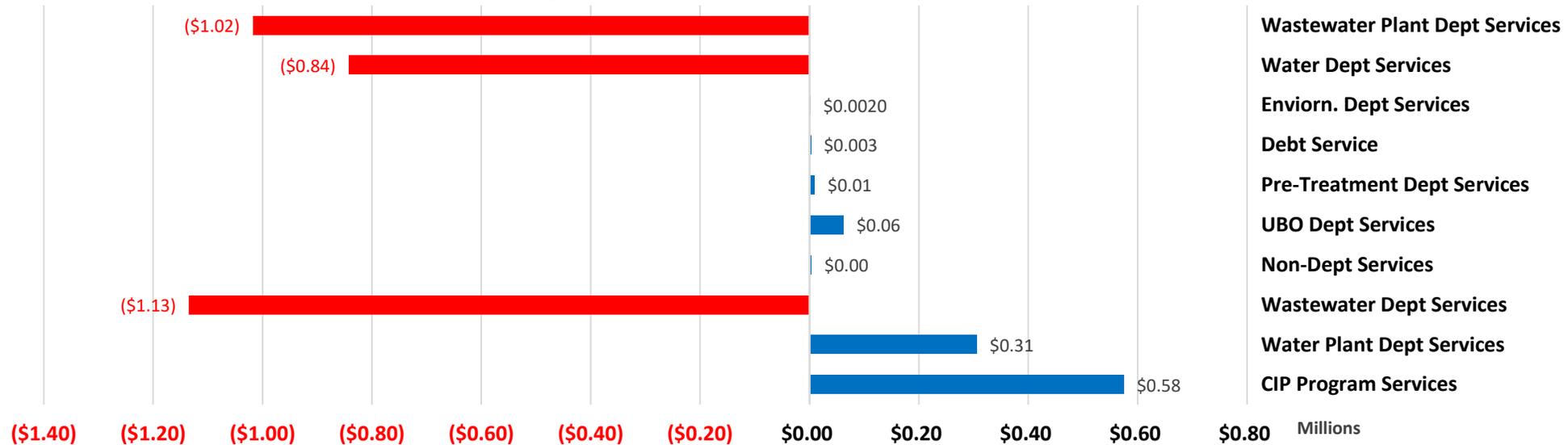
(Millions)

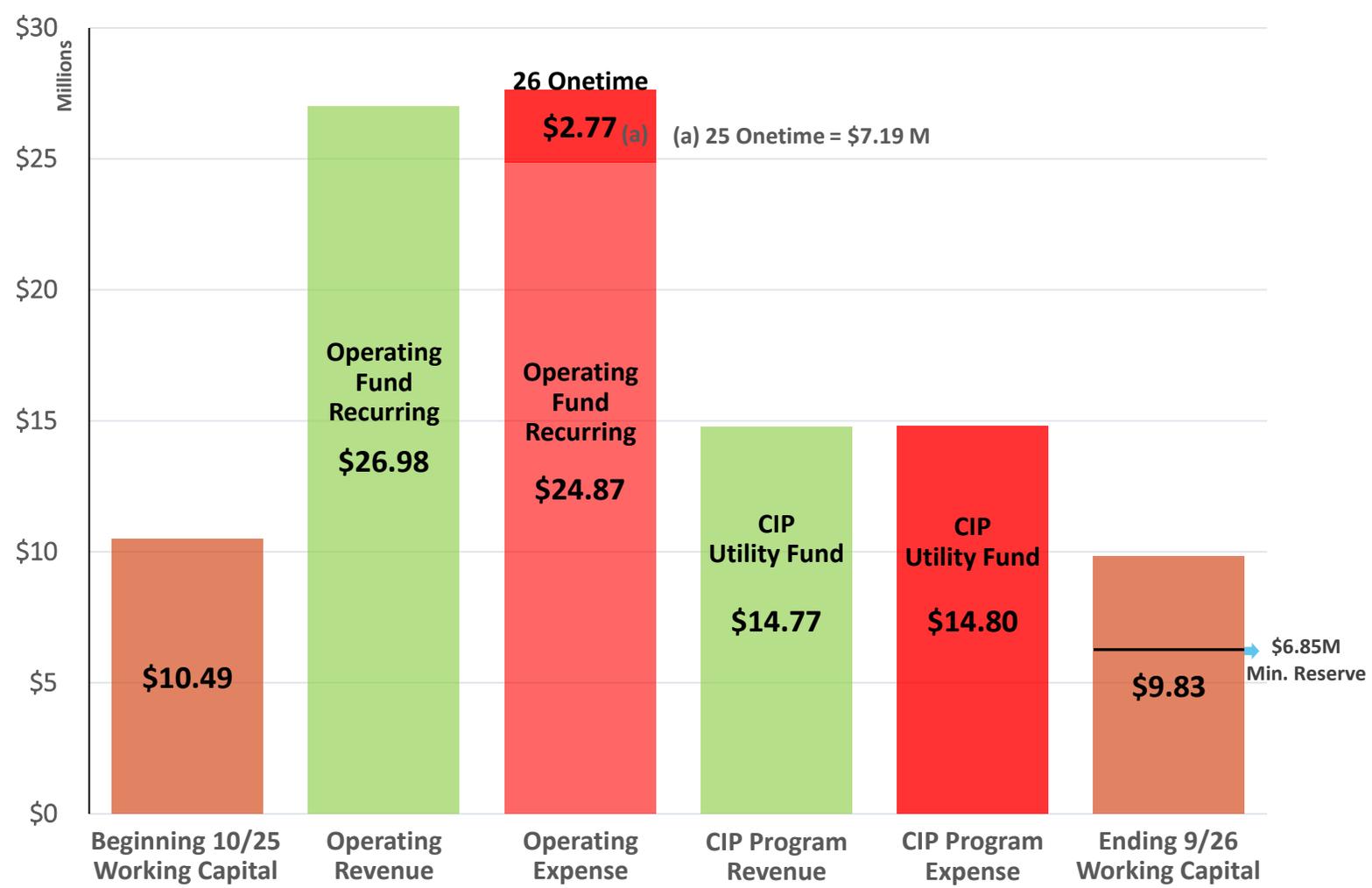
FY 2026 - \$42.4 MILLION BUDGET



(Millions)

Utility Fund Departmental Budget Decrease \$2.3 Million





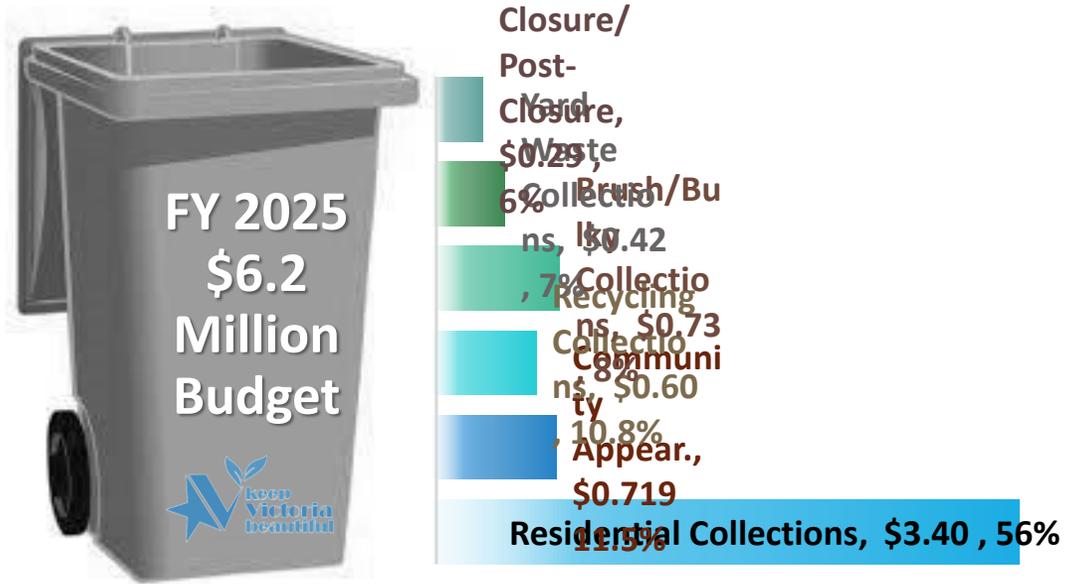
FY 2026 Utility Fund Working Capital Analysis



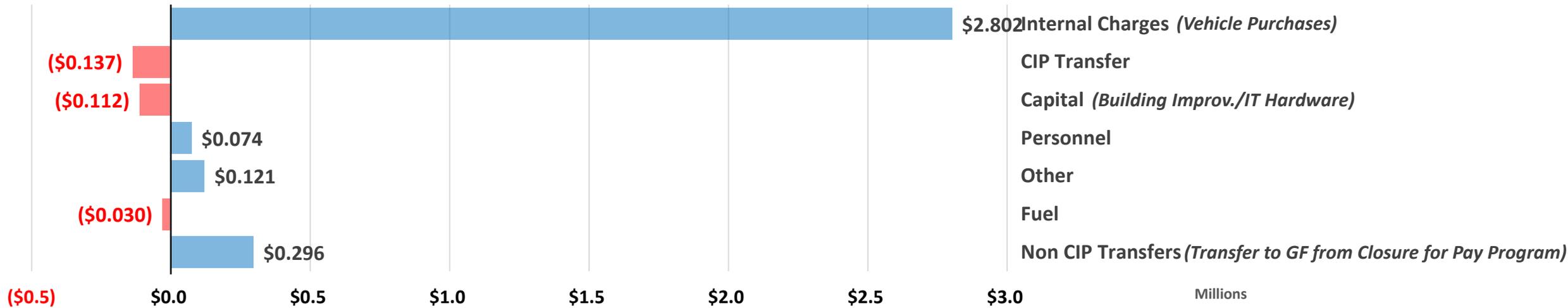
Environmental Services Fund

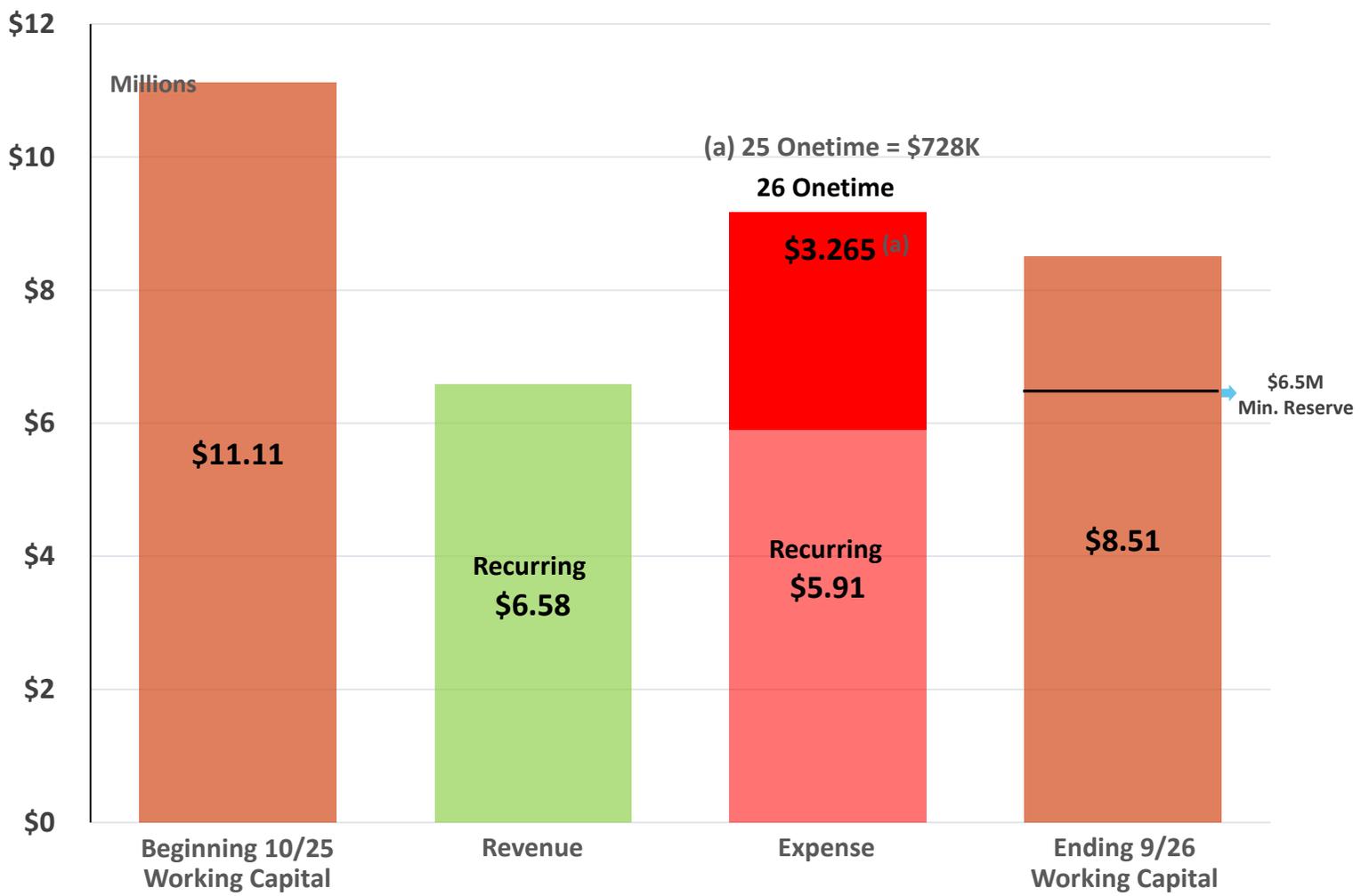
- ❖ EXPENSE BUDGET
- ❖ REVENUE BUDGET

Environmental Services Fund Budget



Environmental Services Expense Budget Increased \$2.83 Million



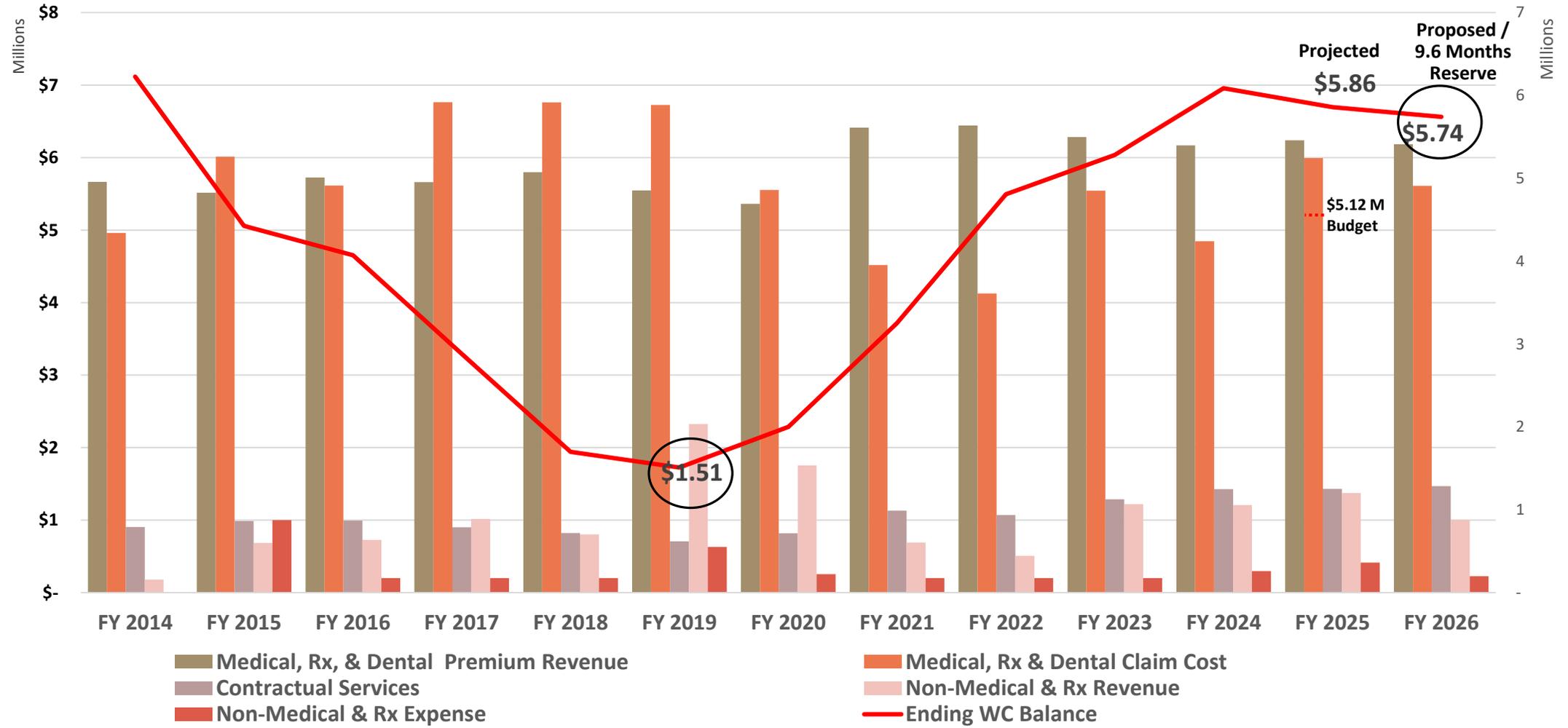


FY 2026 Environ. Services Fund Working Capital Analysis



Health Plan Fund

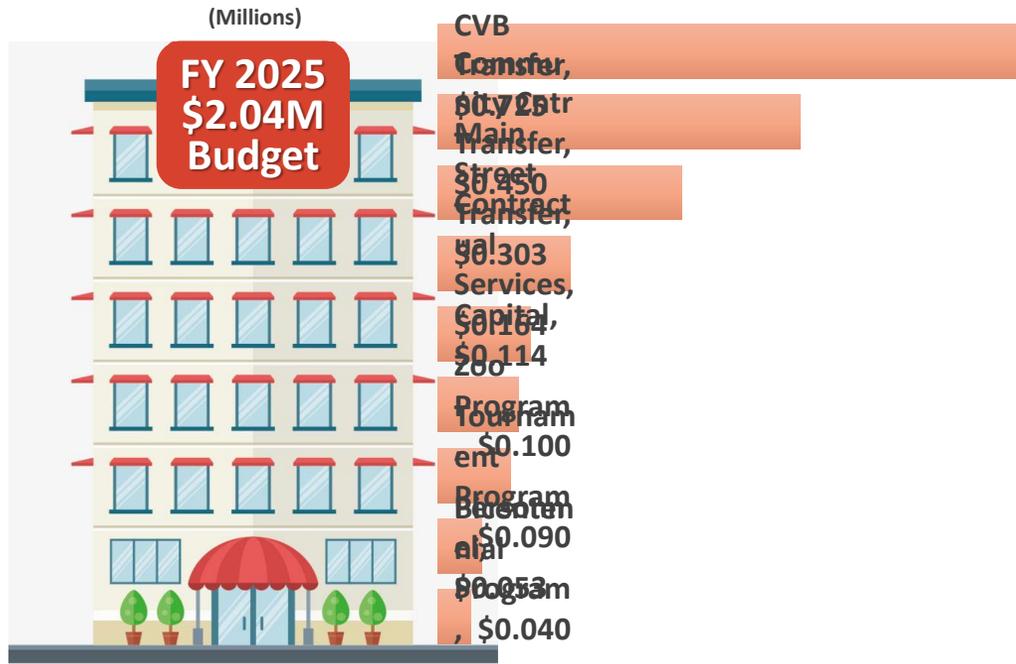
Health Plan Fund Financial Status



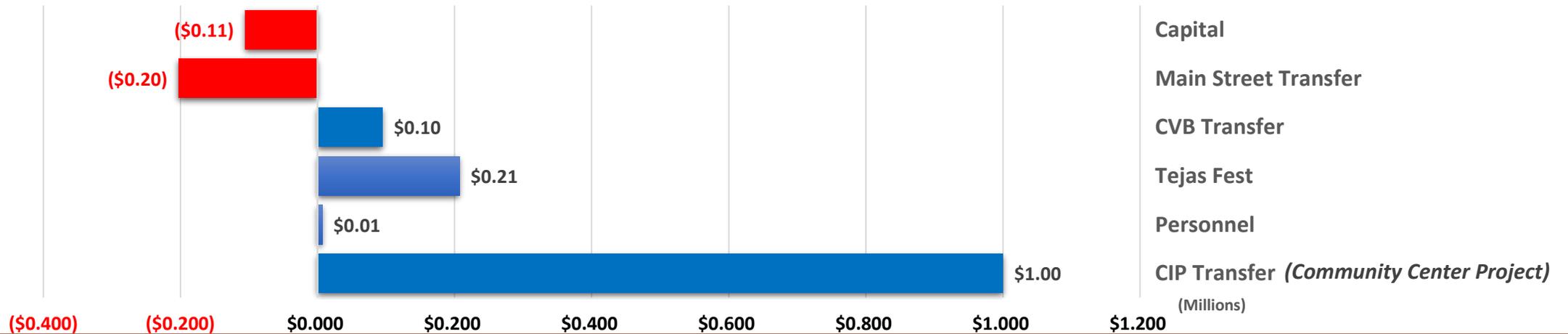


Hotel Tax Fund

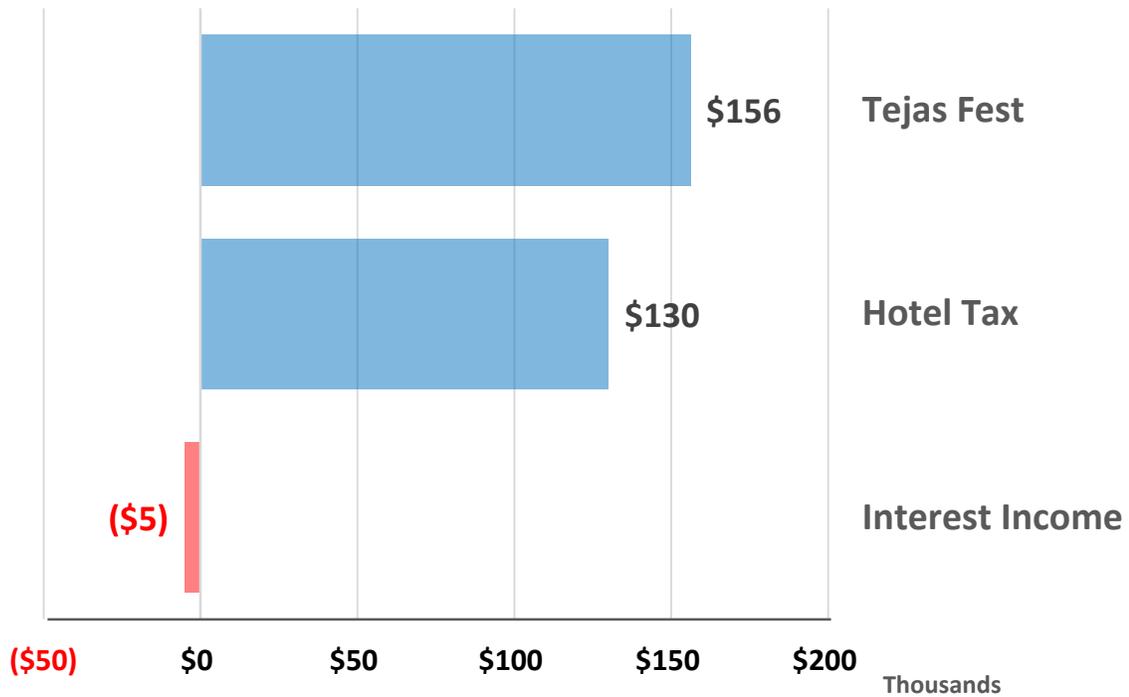
Hotel Tax Fund Budget



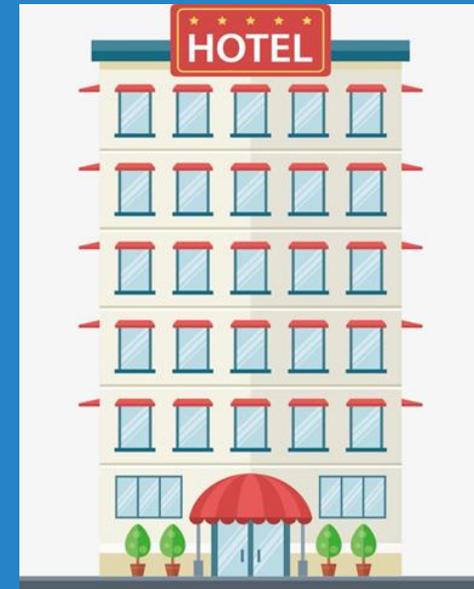
Hotel Tax Expense Budget Increase \$1.001 M



Hotel Tax Fund Revenue Budget Increased \$281K

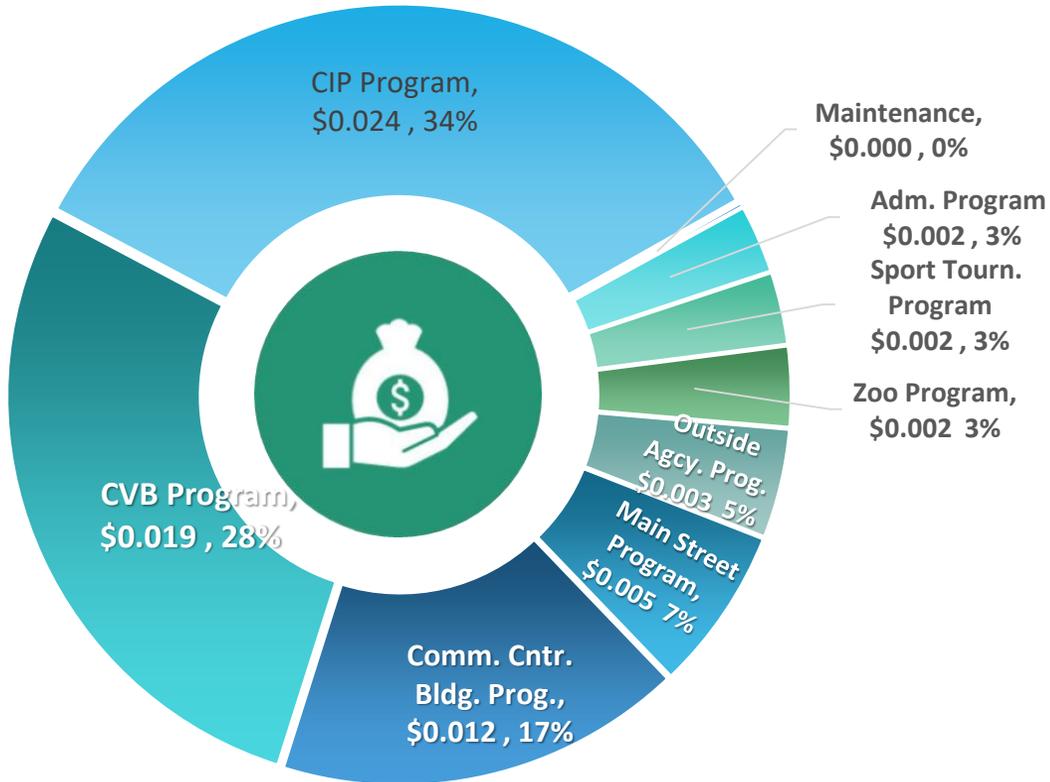


FY 2026 Hotel Tax Fund Revenue

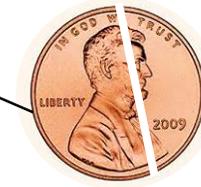


Hotel Tax Receipts

Fiscal Year 2026 Hotel Tax 7¢ Allocation



City's Allocation \$0.07, 54%

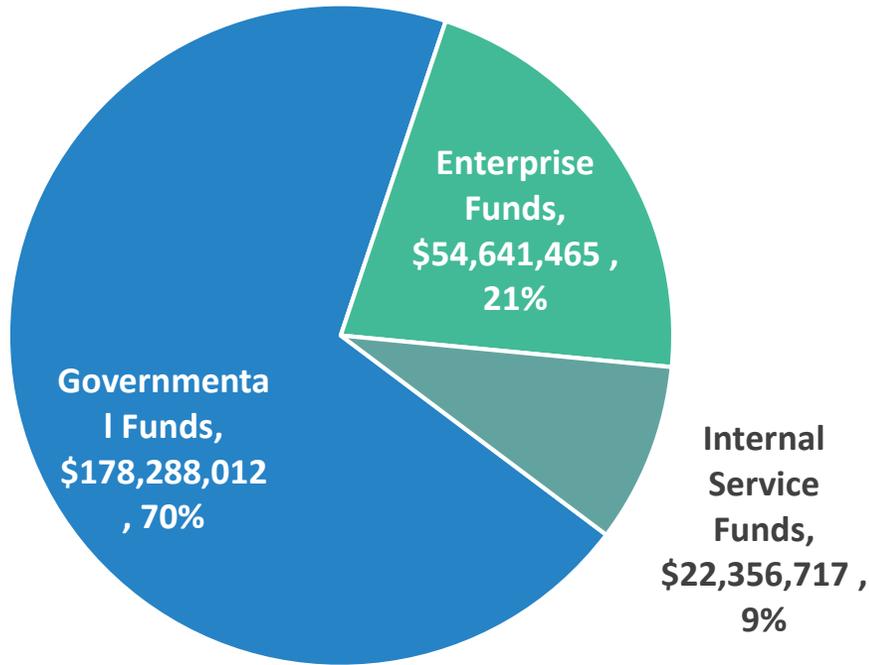


State's Allocation \$0.06, 46%

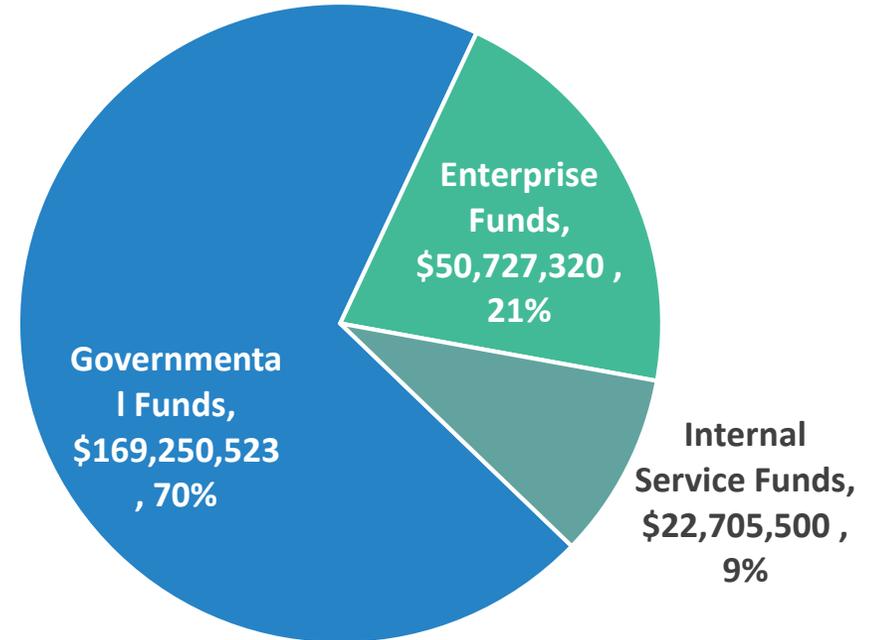
FISCAL YEAR	MOTEL TAX	\$ VARIANCE	% VARIANCE
2017 Actual	\$1,484,572	\$118,620	9%
2018 Actual	\$1,941,021	\$456,449	31%
2019 Actual	\$1,928,884	(\$ 12,137)	-1%
2020 Actual	\$1,504,505	(\$424,379)	-22%
2021 Actual	\$1,778,022	\$273,517	18%
2022 Actual	\$1,884,608	\$106,586	6%
2023 Actual	\$1,863,391	(\$ 21,217)	-1%
2024 Actual	\$1,953,600	\$90,209	5%
2025 Budget	\$1,850,000		
2025 Est.	\$1,975,000	\$125,000	6.8%
2026 Budget	\$1,980,000	\$ 5,000	0.03%

FY 2026 COV Overall Budget

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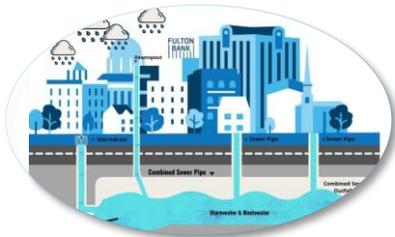


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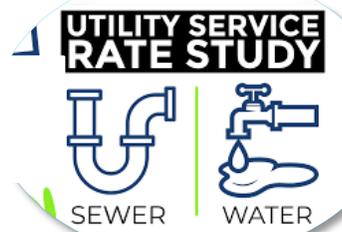
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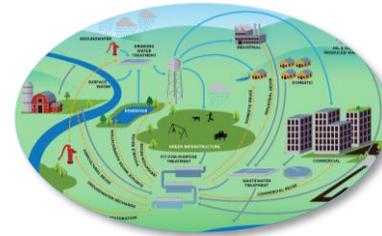
FY 2026 Ongoing Items



Stormwater Utility Implementation



Water Rate Study



Water Feasibility Study



City Hall Complex Renovation Design



Fire Civil Service/Collective Bargaining



City Council Compensation Committee



Property Tax Rate



Library Roof Replacement (County)

Budget Process Timeline







FY 2026 Proposed Budget

Jesús A. Garza
City Manager

September 9, 2025

