



FY 2026 PROPOSED BUDGET BY DEPARTMENT

Special Council Meeting September 3, 2025

Today's Discussion

City of Fredericksburg FY 2026 Proposed Budget by Department

- 1. Budget Overview*
- 2. Personnel Updates*
- 3. Significant Projects/Equipment*
- 4. Additional Information by Department*

Budget Overview-City Wide (All departments)- Proposed Budget Updates

	FY 2025 AMENDED BUDGET	FY 2026 PROPOSED BUDGET 8-15	FY 2026 PROPOSED BUDGET 8-28		
	FY2025	No New Hires/1%-1.5%+2.5% STEP	New Hires/1%-1.5%+2.5% STEP	Proposed 8-15 vs 8-28 \$ VAR \$	Proposed 8-28 vs FY 2025 % VAR %
Revenues	\$74,332,924	\$73,495,275	\$75,199,679	\$1,704,404	1%
Expenses					
Personnel	\$26,395,760	\$27,155,068	\$27,019,383	-\$135,685	2%
Administration Fees	\$87,489	\$87,489	\$87,489	\$0	0%
Hotel Tax Distributions	\$5,039,890	\$4,334,915	\$4,034,915	-\$300,000	-20%
Maintenance & Operations	\$23,126,271	\$23,825,285	\$23,699,442	-\$125,843	2%
Intercompany Transfer Out	\$5,056,848	\$6,007,728	\$5,459,755	-\$547,973	8%
Intergovernmental Transfer Out	\$1,684,554	\$1,786,195	\$1,786,195	\$0	6%
Food & Wine Fest Expenses	\$0	\$0	\$0	\$0	-
Capital	\$11,513,110	\$11,254,956	\$10,478,101	-\$776,855	-9%
Debt Requirement	\$6,645,316	\$6,696,527	\$6,696,527	\$0	1%
EXPENSES TOTAL	\$79,549,238	\$81,148,163	\$79,261,807	-\$1,886,356	0%

Additional Revenue +\$1.70M = \$75.2M vs \$73.4M **revenues up 1% over 2025
 Reduced Expenses -\$1.89M = \$ 79.2M vs \$81.1M **expenses flat from 2025

Budget Overview-General Fund Proposed Budget Updates

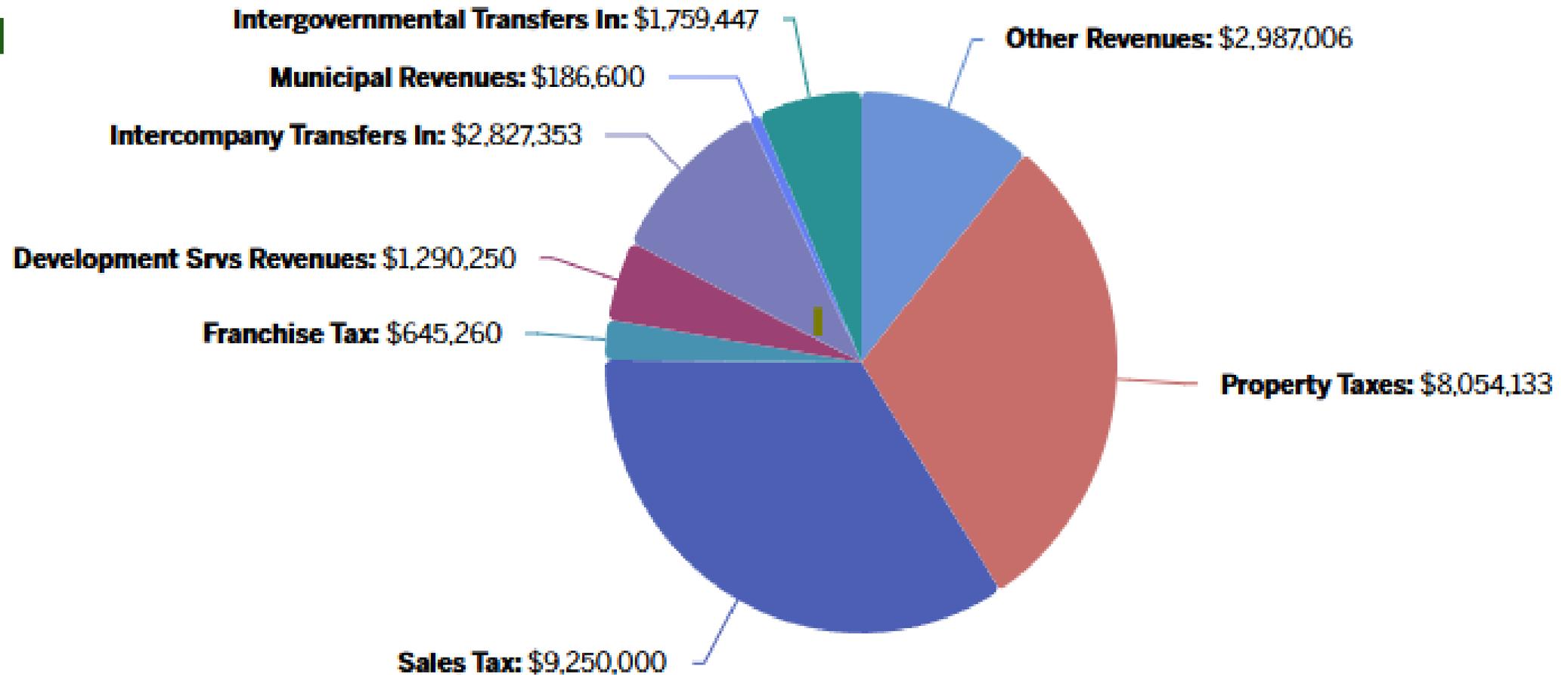
General Fund YTD Revenues at 97%, \$23.5M, YTD Expenses at 82%, \$21.6M

	FY 2025 AMENDED BUDGET	FY 2025 YTD		FY 2026 PROPOSED BUDGET 8-15	FY 2026 PROPOSED BUDGET 8-28		
	FY2025	FY2025	VAR %	No New Hires/1%-1.5%+2.5% STEP	New Hires/1%-1.5%+2.5% STEP	Proposed 8-15 vs 8-28 \$ VAR \$	Proposed 8-28 vs FY 2025 %
Revenues	\$24,179,569	\$23,523,814	97%	\$25,195,645	\$27,000,049	\$1,804,404	12%
Expenses							
Personnel	\$13,753,552	\$11,276,374	82%	\$14,239,188	\$14,245,414	\$6,226	4%
Maintenance & Operations	\$5,574,002	\$4,113,446	74%	\$5,558,369	\$5,459,902	-\$98,467	-2%
Intercompany Transfer Out	\$2,445,868	\$2,058,903	84%	\$2,549,442	\$2,501,469	-\$47,973	2%
Intergovernmental Transfer Out	\$1,361,502	\$1,152,320	85%	\$1,453,451	\$1,453,451	\$0	7%
Capital	\$2,292,248	\$2,109,937	92%	\$2,564,511	\$2,147,656	-\$416,855	-6%
Debt Requirement	\$1,050,664	\$917,345	87%	\$1,515,345	\$1,393,678	-\$121,667	33%
EXPENSES TOTAL	\$26,477,836	\$21,628,325	82%	\$27,880,306	\$27,201,570	-\$678,736	3%

General Fund: Revenues increased by \$1.8M (Property Tax +\$759k, Street Revenues +\$708k, Dev Srvs. \$389k, Intergovernmental -\$51k-Fire Dept reductions) **Revenues up 12% over 2025

Expenses decreased by \$679k (Capital reductions \$417k; Lease Purchase/Debt transfer to Stormwater \$122k; Intercompany Transfer reduction \$48k, M&O reductions \$98k, and Personnel changes +\$6.2k-added Municipal Court employees, and reduced overtime) **Expenses up 3% over 2025

Budget Overview-General Fund Revenue \$27.0M



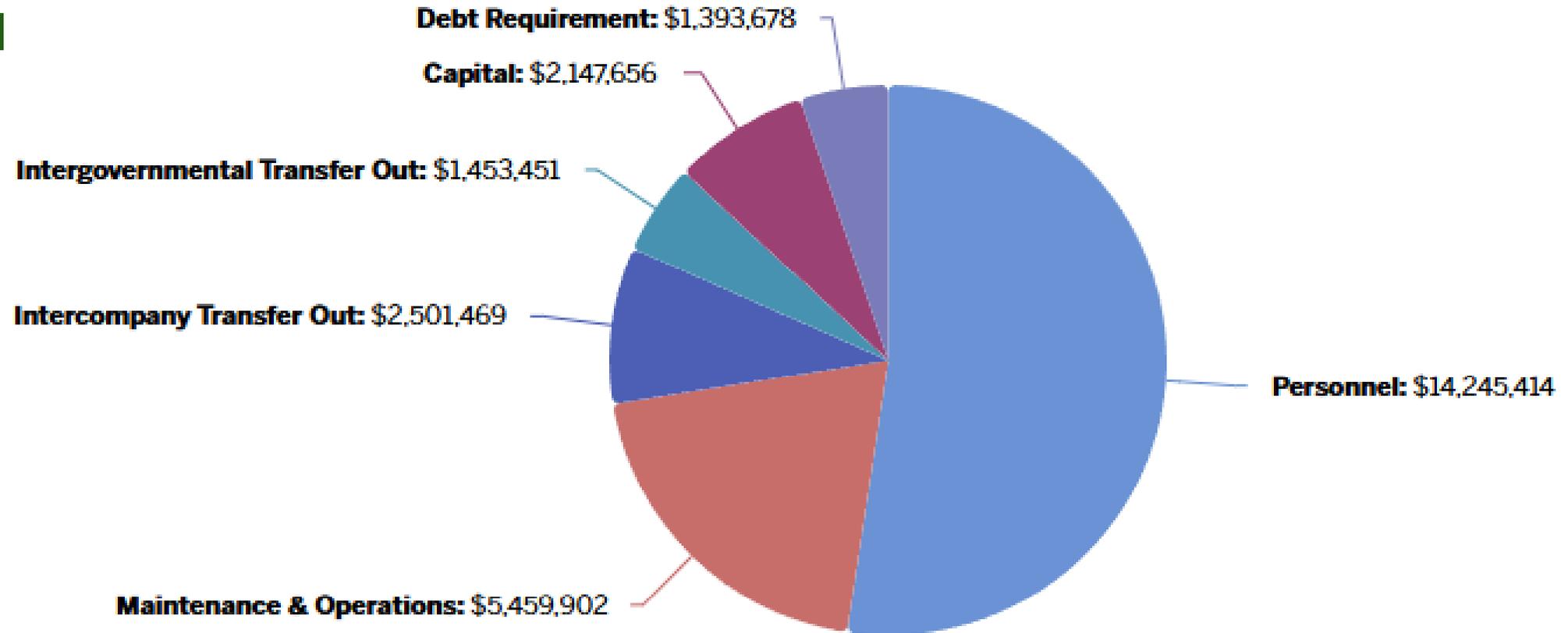
FY 2026 PROPOSED BUDGET 8-28

New Hires/1%-1.5%+2.5% STEP

Sales Tax 34.3%, \$9.25M

Property Tax 29.8%, \$8.05M (VAR \$0.227427/\$100)

Budget Overview-General Fund Expenses \$27.2M



FY 2026 PROPOSED BUDGET 8-28

New Hires/1%-1.5%+2.5% STEP

Personnel Costs = 52.4% General Fund Expenses \$14.2M

General Fund – Estimated Fund Balance 9.30.26 \$13.3M; Reserves \$7.6M

Budget Overview-Policy on Reserves

V. RESERVES

The City will maintain the fund balance and working capital of the various operating funds at levels sufficient to protect the City's creditworthiness as well as its financial position during emergencies or economic fluctuations. In addition, the City may accumulate Fund Balances for a specific purpose and unexpected financial opportunities.

A. *General Fund Unrestricted Fund Balance*

- The City shall maintain the General Fund unrestricted fund balance to no less than 3 months of regular General Fund operating expenditures.
- Excess fund balance levels may be used to fund emergencies, nonrecurring expenditures, or major capital purchases that cannot be accommodated through the current year's budgeted revenues with Council approval.
- Funds accumulated for a specific purpose should be identified as such in the City's Financial Statements.
- Methods used to replenish fund balances that fall below-required levels include an increase in property tax revenues and a decrease in budgeted expenses as economic conditions allow. The City should seek to replenish fund balance levels within 1 to 2

Budget Overview-General Fund Property Tax History



CITY OF FREDERICKSBURG TAX RATE	2016	2017	2018	2019	2020	2021	2022	2023	2024	Proposed 2025
Maintenance & Operations	\$0.202500	\$0.162700	\$0.187980	\$0.189749	\$0.184625	\$0.168029	\$0.169967	\$0.152612	\$0.181264	\$0.201161
Interest & Sinking	\$0.037500	\$0.062900	\$0.037620	\$0.037535	\$0.036150	\$0.027794	\$0.025856	\$0.012568	\$0.024062	\$0.026266
Total Tax Rate	\$0.240000	\$0.225600	\$0.225600	\$0.227284	\$0.220775	\$0.195823	\$0.195823	\$0.165180	\$0.205326	\$0.227427

Frozen/Over 65 Tax Information:

2016 Levy Taxable Value Frozen \$383,973,105, Tax \$765,192.71

2024 Levy Taxable Value Frozen \$841,524,420, Tax \$1,096,566.70 (+43%)

Budget Overview-General Fund (Comparison to other Cities)

City	Proposed Tax Rate	M&O vs Debt Rates	% of Personnel Cost/GF	COLA-Merit%
Fredericksburg	\$ 0.2274	M&O - \$0.2012/Debt - \$0.0262	52%/\$27M	1.0%/1.5%
Boerne	\$ 0.4716	M&O - \$0.3532/Debt - \$0.1184	62%/\$43M	3.5%/+1-3%
Kerrville	\$ 0.5579	M&O - \$0.4173/Debt - \$0.1406	72%/\$39M	3%
Liberty Hill	\$ 0.4694	M&O - \$0.3043/Debt - \$0.1650	61%/\$10M	3%
Marble Falls	\$ 0.5350	M&O - \$0.2350/Debt - \$0.3000	67%/\$21M	3%

Budget Overview-Where do my tax dollars go?

FY 2025 City Tax Rate = \$0.205326, 16.4% of Total Tax Rate = \$1.251900

Each dollar of property tax is divided among four entities. The City of Fredericksburg receives only 16.4% of each dollar, which goes into the General Fund and supports these departments...

Police: 44% Fire/EMS: 16% Streets: 13% Parks: 12%

- **Debt Service: 4.5%**
- **Municipal Court: 4%**
- **Dev. Services: 3.5%**
- **Engineering: 1%**
- **Golf: 1%**
- **Health: 1%**

Budget Overview-Enterprise Funds

Enterprise & Other Funds YTD Revenues at 85%, \$42.6M, YTD Expenses at 79%, \$41.3M

City of Fredericksburg
Enterprise & Other Funds
 September 3, 2025

	FY 2025 AMENDED BUDGET	FY 2025 YTD		FY 2026 PROPOSED BUDGET 8-15	FY 2026 PROPOSED BUDGET 8-28		
	FY2025	FY2025	VAR %	No New Hires/1%-1.5%+2.5% STEP	New Hires/1%-1.5%+2.5% STEP	8-15 vs 8-28 \$ VAR	8-28 vs FY 2025 %
Revenues	\$50,153,355	\$42,581,232	85%	\$48,299,630	\$48,199,630	-\$100,000	-4%
Expenses							
Personnel	\$12,642,208	\$11,106,219	88%	\$12,915,880	\$12,773,969	-\$141,911	1%
Administration Fees	\$87,489	\$85,950	98%	\$87,489	\$87,489	\$0	0%
Hotel Tax Distributions	\$5,039,890	\$5,055,889	100%	\$4,334,915	\$4,034,915	-\$300,000	-20%
Maintenance & Operations	\$17,552,269	\$15,004,232	85%	\$18,266,916	\$18,239,540	-\$27,376	4%
Intercompany Transfer Out	\$2,610,980	\$2,237,800	86%	\$3,458,286	\$2,958,286	-\$500,000	13%
Intergovernmental Transfer Out	\$323,052	\$269,210	83%	\$332,744	\$332,744	\$0	3%
Expenses	\$0	-	-	\$0	\$0	\$0	-
Capital	\$9,220,862	\$3,715,000	40%	\$8,690,445	\$8,330,445	-\$360,000	-10%
Debt Requirement	\$5,594,652	\$4,356,256	78%	\$5,181,182	\$5,302,849	\$121,667	-5%
Depreciation/Amortization	\$0	-	-	\$0	\$0	\$0	-
EXPENSES TOTAL	\$53,071,402	\$41,830,556	79%	\$53,267,857	\$52,060,237	-\$1,207,620	-2%

Enterprise Funds: Revenues decreased by \$100k (Intercompany & Intergovernmental adjustment for reduced OT expenses-EMS). Expenses decreased by \$1.2M (Hotel Tax Distributions -\$300k, M&O -\$27k, Intercompany Transfer Out -\$500k, Capital -\$135k; Smokehouse Road project removed-\$120k-Stormwater, Entrance Gate removed -\$100k-Sanitation, Reconductor Project –Austin/Cherry removed -\$225k-Electric, Racquet Club project added +\$85k-Electric and Lease Purchase/Debt transfer from Streets to Stormwater +\$122k, Personnel-added PW Outreach and Sanitation driver, reduced overtime). Compared to 2025 – Revenues down 4%, Expenses down 2%.

Budget Overview-Admin Department

City of Fredericksburg Admin Dept (20)

	FY 2025 AMENDED BUDGET	FY 2026 PROPOSED BUDGET 8-15	FY 2026 PROPOSED BUDGET 8-28		
	FY2025	No New Hires /1%-1.5%+2.5% STEP	New Hires /1%-1.5%+2.5% STEP	Proposed 8-15 vs 8-28 \$ VAR \$	Proposed 8-28 vs FY 2025 % VAR %
Revenues					
Other Revenues	\$967,761	\$1,091,745	\$1,091,745	\$0	13%
Property Taxes	\$6,813,144	\$7,295,334	\$8,054,133	\$758,799	18%
Sales Tax	\$9,000,000	\$9,250,000	\$9,250,000	\$0	3%
Franchise Tax	\$612,869	\$645,260	\$645,260	\$0	5%
Intercompany Transfers In	\$2,611,204	\$2,827,353	\$2,827,353	\$0	8%
Municipal Revenues	\$20,000	\$20,000	\$20,000	\$0	0%
REVENUES TOTAL	\$20,024,978	\$21,129,692	\$21,888,491	\$758,799	9%
Expenses					
Personnel	\$981,553	\$1,055,232	\$1,055,232	\$0	8%
Maintenance & Operations	\$725,058	\$701,656	\$701,656	\$0	-3%
Intercompany Transfer Out	\$2,445,868	\$2,549,442	\$2,501,469	-\$47,973	2%
Intergovernmental Transfer Out	\$119,984	\$170,676	\$170,676	\$0	42%
Capital	\$150,200	\$526,668	\$526,668	\$0	251%
Debt Requirement	\$10,402	\$9,000	\$9,000	\$0	-13%
EXPENSES TOTAL	\$4,433,065	\$5,012,674	\$4,964,701	-\$47,973	12%

Additional Revenue + \$759k – Property Tax update at proposed rate of \$0.227427/\$100
 Reduced Expenses - \$48k – City contribution to EMS (overtime reductions due to policy updates)

Budget Overview-Police Department

City of Fredericksburg Police Department

	FY 2025 AMENDED BUDGET	FY 2026 PROPOSED BUDGET 8-15	FY 2026 PROPOSED BUDGET 8-28		
	FY2025	No New Hires /1%-1.5%+2.5% STEP	New Hires /1%-1.5%+2.5% STEP	Proposed 8-15 vs 8-28 \$ VAR \$	Proposed 8-28 vs FY 2025 % VAR %
Revenues					
Other Revenues	\$161,510	\$174,111	\$174,111	\$0	8%
Intercompany Transfers In	-	-	\$0	\$0	-
Intergovernmental Transfers In	\$42,500	\$125,000	\$125,000	\$0	194%
REVENUES TOTAL	\$204,010	\$299,111	\$299,111	\$0	47%
Expenses					
Personnel	\$6,046,725	\$6,364,350	\$6,260,697	-\$103,653	4%
Maintenance & Operations	\$1,243,303	\$1,145,272	\$1,145,272	\$0	-8%
Intergovernmental Transfer Out	\$1,062,545	\$1,098,433	\$1,098,433	\$0	3%
Capital	\$1,085,051	\$602,046	\$677,046	\$75,000	-38%
Debt Requirement	\$18,658	\$17,770	\$17,770	\$0	-5%
EXPENSES TOTAL	\$9,456,282	\$9,227,871	\$9,199,218	-\$28,653	-3%

Additional Revenue + \$0

Reduced Expenses - \$29k – Added \$75k (½ of roof replacement), and removed Court Security Officer

Police Department – Personnel Request

New Employee Request:

Records / Case Manager **\$80k**

- Assists in processing over 1,000 Public Information Requests
- Manages and processes criminal case transfers from the Police Department to the County and District Attorney's Office

Police Department - Capital Projects and Equipment

Capital Projects:

- City Hall Roof Replacement - \$75k
- City Hall Utility Billing Remodel - \$250k

Equipment:

- Modular Vehicle Barrier System - \$160k
- Motorola LPR Program - \$22k
 - Motorola License Fee - \$5k

Police Department – Additional

Additional Considerations:

- Front Line Mobile Health – Essentials
 - Department Health Screening for Cardiac and Cancer every other year - \$25k
 - Individual First Aid Kit (IFAK) emergency medical kit designed for treating trauma, such as gunshot wounds or severe bleeding, in high-risk situations \$2.5k

Budget Overview-Dev Srvs Department

City of Fredericksburg Development Srvs (27)

	FY 2025 AMENDED BUDGET	FY 2026 PROPOSED BUDGET 8-15	FY 2026 PROPOSED BUDGET 8-28		
	FY2025	No New Hires /1%-1.5%+2.5% STEP	New Hires /1%-1.5%+2.5% STEP	Proposed 8-15 vs 8-28 \$ VAR \$	Proposed 8-28 vs FY 2025 % VAR %
Revenues					
Development Srvs Revenues	\$855,150	\$901,145	\$1,290,250	\$389,105	51%
REVENUES TOTAL	\$855,150	\$901,145	\$1,290,250	\$389,105	51%
Expenses					
Personnel	\$814,223	\$949,862	\$949,862	\$0	17%
Maintenance & Operations	\$377,439	\$367,576	\$456,726	\$89,150	21%
Capital	\$175,000	\$175,000	\$175,000	\$0	0%
Debt Requirement	\$19,537	\$19,242	\$19,242	\$0	-2%
EXPENSES TOTAL	\$1,386,199	\$1,511,680	\$1,600,830	\$89,150	15%

Additional Revenue + \$389k (Increased short-term rental fees, building permits, credit card fees)

Additional Expenses + \$89k (Increased computer software maintenance)

**

Budget Overview-Engineering

City of Fredericksburg Engineering Dept (30)

	FY 2025 AMENDED BUDGET	FY 2026 PROPOSED BUDGET 8-15	FY 2026 PROPOSED BUDGET 8-28		
	FY2025	No New Hires /1%-1.5%+2.5% STEP	New Hires /1%-1.5%+2.5% STEP	Proposed 8-15 vs 8-28 \$ VAR \$	Proposed 8-28 vs FY 2025 % VAR %
Revenues					
-	-	-	-	-	-
REVENUES TOTAL	-	-	-	-	-
Expenses					
Personnel	\$222,617	\$225,452	\$225,452	\$0	1%
Maintenance & Operations	\$59,733	\$55,281	\$55,281	\$0	-7%
Capital	\$16,725	\$11,000	\$11,000	\$0	-34%
Debt Requirement	\$15,266	\$14,720	\$14,720	\$0	-4%
EXPENSES TOTAL	\$314,341	\$306,453	\$306,453	\$0	-3%

Additional Revenue + \$ 0

Reduced Expenses - \$ 0

Budget Overview-Street Department

City of Fredericksburg Street Department

	FY 2025 AMENDED BUDGET	FY 2026 PROPOSED BUDGET 8-15	FY 2026 PROPOSED BUDGET 8-28		
	FY2025	No New Hires /1%-1.5%+2.5% STEP	New Hires /1%-1.5%+2.5% STEP	Proposed 8-15 vs 8-28 \$ VAR \$	Proposed 8-28 vs FY 2025 % VAR %
Revenues					
Other Revenues	\$217,700	\$32,700	\$740,700	\$708,000	240%
REVENUES TOTAL	\$217,700	\$32,700	\$740,700	\$708,000	240%
Expenses					
Personnel	\$1,220,936	\$1,240,576	\$1,247,425	\$6,849	2%
Maintenance & Operations	\$1,074,053	\$1,122,180	\$1,029,563	-\$92,617	-4%
Capital	\$340,592	\$390,592	\$290,592	-\$100,000	-15%
Debt Requirement	\$210,416	\$408,797	\$287,130	-\$121,667	36%
EXPENSES TOTAL	\$2,845,997	\$3,162,145	\$2,854,710	-\$307,435	0%

Additional Revenue + \$708k (5900 accounts billed at \$10/month-leaf/brush pick up)
 Reduced Expenses - \$307k (Street sweeper moved to Stormwater, Professional fees-transportation project removed, Fleet lease adjustment)

Street Dept - Capital Project and Equipment

Capital Projects:

- Sidewalks \$100k
- Street Crack Sealing at Milam/Friendship \$150k
- Street Transportation Bond Project, Professional Services (\$100k)
 - Removed from Budget
- Racquet Center Parking Lot - \$35k

Equipment:

- Heavy Equipment Truck and Trailer - \$200k
 - 3 yr lease - \$67k
- Street Sweeper - \$366k
 - 3 yr lease -\$122k
 - Moved to Stormwater Dept Budget

Street Dept – Brush and Leaf Collection

Brush Chipping and Leaf Collection Expense:

- Labor
 - Total Labor = \$275k
 - Street Dept = \$69k
 - Sanitation Dept = \$206k
- Equipment
 - Annual Equipment Cost = \$240k
 - Street Dept Equipment Cost = \$143k
 - Sanitation Dept Equipment = \$97k
 - Chipping Truck, Chipper, Leaf Loader, Rubber Tire Loader, Dump Truck
- Annual Expense = \$515k

Brush Chipping and Leaf Collection Fee:

- 5,900 Solid Waste Customers

Budget Overview-Electric Department

City of Fredericksburg 02-Electric Fund

	FY 2025 AMENDED BUDGET	FY 2026 PROPOSED BUDGET 8-15	FY 2026 PROPOSED BUDGET 8-28		
	FY2025	No New Hires /1%-1.5%+2.5% STEP	New Hires /1%-1.5%+2.5% STEP	Proposed 8-15 vs 8-28 \$ VAR \$	Proposed 8-28 vs FY 2025 % VAR %
Revenues	\$17,151,114	\$15,922,114	\$15,922,114	\$0	-7%
Expenses					
Personnel	\$2,232,225	\$2,123,626	\$2,099,335	-\$24,291	-6%
Maintenance & Operations	\$10,063,666	\$10,790,452	\$10,790,452	\$0	7%
Intercompany Transfer Out	\$1,341,090	\$1,432,990	\$1,432,990	\$0	7%
Intergovernmental Transfer Out	\$24,850	\$25,596	\$25,596	\$0	3%
Capital	\$508,893	\$1,581,665	\$1,441,665	-\$140,000	183%
Debt Requirement	\$1,009,323	\$728,472	\$728,472	\$0	-28%
EXPENSES TOTAL	\$15,180,047	\$16,682,801	\$16,518,510	-\$164,291	9%

Additional Revenue + \$ 0

Reduced Expenses - \$164k (Removed \$225k Reconductor project-Austin/Cherry, and added Tennis Club \$85k)

Electric Department Estimated Fund Balance at 9.30.26 \$1.2M; Reserves \$164k

Electric Dept - Capital Project and Equipment

Capital Projects:

- Inventory Replacement \$700k
- Reconductor Main/Cherry Project \$230k
- Reconductor San Antonio/Llano/Milam Project \$350k
- Racquet Center Electric - \$85K
- Reconductor Austin/Cherry Project **\$225k**
 - Removed from Budget

Equipment:

- No new equipment requested

New City Hall Expense in FY 2026 from Enterprise Funds:

- New City Hall \$425k (ENT fund allocation for remaining construction, furnishings cost-EL/WT/SN)

Electric Dept – Electric Rates

Rates:

- LCRA Rate increase
 - Wholesale power purchase pass through to customer
- No proposed City Rate increase
- Proposed City Rate Study - \$25K
 - Completed FY 26
 - Last Rate Study was completed in 2021

Budget Overview-Water/Wastewater Department

City of Fredericksburg 03-Water Fund

	FY 2025 AMENDED BUDGET	FY 2026 PROPOSED BUDGET 8-15	FY 2026 PROPOSED BUDGET 8-28		
	FY2025	No New Hires/1%-1.5%+2.5% STEP	New Hires/1%-1.5%+2.5% STEP	Proposed 8-15 vs 8-28 \$ VAR \$	Proposed 8-28 vs FY 2025 % VAR %
Revenues					
Water Utility Revenues	\$8,532,325	\$8,953,989	\$8,953,989	\$0	5%
Fees from other Services	\$905,000	\$905,000	\$905,000	\$0	0%
Miscellaneous Revenues	\$363,361	\$358,361	\$358,361	\$0	-1%
REVENUES TOTAL	\$9,800,686	\$10,217,350	\$10,217,350	\$0	4%
Expenses					
Personnel	\$3,132,890	\$3,082,073	\$3,048,075	-\$33,998	-3%
Maintenance & Operations	\$2,012,328	\$2,040,148	\$2,040,148	\$0	1%
Intercompany Transfer Out	\$882,090	\$965,540	\$965,540	\$0	9%
Intergovernmental Transfer Out	\$24,850	\$25,596	\$25,596	\$0	3%
Capital	\$4,556,610	\$4,725,371	\$4,775,371	\$50,000	5%
Debt Requirement	\$2,131,540	\$2,041,486	\$2,041,486	\$0	-4%
EXPENSES TOTAL	\$12,740,308	\$12,880,214	\$12,896,216	\$16,002	1%

Additional Revenue + \$ 0

Additional Expenses + \$16k

Water Department Estimated Fund Balance at 9.30.26 \$2.1M; Reserves \$605k *Does not include restricted impact fees of \$7M.

Water Dept - Capital Project and Equipment

Projects:

- Inventory Replacement \$352k
- Water Main Rehab 2", 4" \$500k
- WWTP Bar Screens \$325k (carryover from 2025)
- Windcrest Water Pressure Improvements \$450k (carryover)
- Water Well Field Exploration \$225k
- North Llano Water Line Rehab \$300k
- Wastewater Master Plan Update \$150k (carryover 2025)
- Hollmig Lane Lift Station \$500k
 - *funded with impact fees
- Float Brush Aerators WRF \$245k
- Rainwater Harvesting \$80k
- Racquet Center Water & Wastewater Ext \$250k
- Warehouse Improvements \$250k (Water & Stormwater Dept)

Water Dept - Capital Project and Equipment

Equipment:

- Dump Truck \$165k
- Skid Steer \$95k
- Hydro-excavation Trailer \$140k
- Crew Worker Trucks (2) \$150k

New City Hall Expense for FY 2026 from Enterprise Funds:

- New City Hall \$425k (ENT fund allocation for remaining construction, furnishings cost-EL/WT/SN)

Water Dept – Water & Wastewater Rates

Rates:

- Water and Wastewater Rate Adjustment
 - Proposing 5% increase
- Last Rate adjustment - October 2023
- FY26 Water & Wastewater Rate Study
 - Completed in FY 26 after W/WW Master Plan Update
 - Last Rate Study was completed in 2019

Budget Overview-Sanitation

City of Fredericksburg 05-Sanitation

	FY 2025 AMENDED BUDGET	FY 2026 PROPOSED BUDGET 8-15	FY 2026 PROPOSED BUDGET 8-28		
	FY2025	No New Hires /1%-1.5%+2.5% STEP	New Hires /1%-1.5%+2.5% STEP	Proposed 8-15 vs 8-28 \$ VAR \$	Proposed 8-28 vs FY 2025 % VAR %
Revenues					
Sanitation Collection Revenues	\$3,455,000	\$4,010,000	\$4,010,000	\$0	16%
Fees from Other Services	\$50,100	\$50,100	\$50,100	\$0	0%
Miscellaneous Revenues	\$141,500	\$174,500	\$174,500	\$0	23%
REVENUES TOTAL	\$3,646,600	\$4,234,600	\$4,234,600	\$0	16%
Expenses					
Personnel	\$2,182,525	\$2,187,114	\$2,203,492	\$16,378	1%
Maintenance & Operations	\$836,438	\$877,700	\$877,700	\$0	5%
Intercompany Transfer Out	\$328,000	\$419,225	\$419,225	\$0	28%
Capital	\$208,440	\$691,549	\$591,549	-\$100,000	184%
Debt Requirement	\$443,276	\$439,663	\$439,663	\$0	-1%
Depreciation/Amortization	\$0	\$0	\$0	\$0	-
EXPENSES TOTAL	\$3,998,679	\$4,615,251	\$4,531,629	-\$83,622	13%

Additional Revenue + \$ 0

Reduced Expenses - \$ 84k (Sanitation Driver added and Entrance Gate removed)

Sanitation Department Estimated Fund Balance at 9.30.26 \$1.4M; Reserves (\$734k)

Sanitation Dept - Capital Project and Equipment

Projects:

- Entrance Work/Gate \$100k
 - Removed from budget (Construct with Transfer Station in FY27)
- Cell 12 & 13 \$444k
 - FY25 Under construction
- Fiber to Scale House \$105k
- Transfer Station – Waiting on grant (December) - **\$4.8M**

New City Hall Expense for FY 2026 from Enterprise Funds:

- New City Hall \$425k (ENT fund allocation for remaining construction, furnishings cost-EL/WT/SN)

Equipment:

- No new equipment proposed

Sanitation Dept – Sanitation Rates

Rates:

- Proposed Rate Adjustment
 - Residential Collection
 - Increase \$1.40/month = \$15.40/month
 - Last adjustment - October 2015
 - Tipping Fee at Landfill
 - Increase by \$15/ton to \$100/ton
 - Last adjustment – October 2023

Budget Overview-Stormwater

City of Fredericksburg 10-Storm Water/Vegetation Mgmt

	FY 2025 AMENDED BUDGET	FY 2026 PROPOSED BUDGET 8-15	FY 2026 PROPOSED BUDGET 8-28		
	FY2025	No New Hires/1%-1.5%+2.5% STEP	New Hires/1%-1.5%+2.5% STEP	Proposed 8-15 vs 8-28 \$ VAR \$	Proposed 8-28 vs FY 2025 % VAR %
Revenues					
Drainage Utility Revenues	\$648,380	\$970,970	\$970,970	\$0	50%
Miscellaneous Revenues	\$2,618,529	\$70,000	\$70,000	\$0	-97%
REVENUES TOTAL	\$3,266,909	\$1,040,970	\$1,040,970	\$0	-68%
Expenses					
Personnel	\$521,957	\$623,306	\$623,306	\$0	19%
Maintenance & Operations	\$213,891	\$168,249	\$168,249	\$0	-21%
Intercompany Transfer Out	\$59,800	\$140,531	\$140,531	\$0	135%
Capital	\$3,203,529	\$232,000	\$62,000	-\$170,000	-98%
Debt Requirement	\$166,762	\$134,600	\$256,267	\$121,667	54%
Depreciation/Amortization	\$0	\$0	\$0	\$0	-
EXPENSES TOTAL	\$4,165,939	\$1,298,686	\$1,250,353	-\$48,333	-70%

Additional Revenue + \$ 0
Reduced Expenses - \$48k

Stormwater/Veg Estimated Fund Balance at 9.30.26 (\$166k); Reserves (\$387k)

SW/VM Dept - Capital Project and Equipment

Projects:

- Smokehouse Road Drainage \$120k
 - Removed from Budget
- Warehouse Improvements \$50k

Equipment:

- Mower - \$12k
- Street Sweeper - \$366k
 - 3 yr lease -\$122k
 - Moved from Street Dept Budget

SW/VM Dept – Drainage Utility Rate

Rates:

- Proposed Rate Adjustment
- Last Adjustment – October 2019
 - Residential Range
 - Lowest Tier - Increase \$1.50/month = \$4.50/month
 - Highest Tier – Increase \$4.50/month = \$13.50/month
 - Non-Residential
 - Lowest Tier - Increase \$1.50/month = \$4.50/month
 - Highest Tier – Increase \$100/month = \$300/month

Public Works – Personnel Request

Public Works New Employee Request:

-Public Works Outreach \$87k

- Water and Energy Conservation, Recycling Programs, Public Works Capital Projects
 - Enhance Communication, Foster Transparency, & Promote Public Infrastructure Projects
 - Community, School & Non-Profits Outreach
- Salary Allocation - Streets-GF 10%, EL/WT/SN-ENT Fund 90%

-Sanitation Driver \$74k

- Last AGC Driver added 15+ years ago
- 1,200 plus accounts added – longer routes
 - Customer Service
- Salary Allocation – Sanitation ENT Fund 100%

Budget Overview-Parks Department

City of Fredericksburg Parks Department (25)

	FY 2025 AMENDED BUDGET	FY 2026 PROPOSED BUDGET 8-15	FY 2026 PROPOSED BUDGET 8-28		
	FY2025	No New Hires/1%-1.5%+2.5% STEP	New Hires/1%-1.5%+2.5% STEP	Proposed 8-15 vs 8-28 \$ VAR \$	Proposed 8-28 vs FY 2025 % VAR %
Revenues					
Other Revenues	\$904,074	\$795,450	\$795,450	\$0	-12%
REVENUES TOTAL	\$904,074	\$795,450	\$795,450	\$0	-12%
Expenses					
Personnel	\$1,757,901	\$1,875,418	\$1,883,559	\$8,141	7%
Maintenance & Operations	\$1,202,574	\$1,231,534	\$1,181,534	-\$50,000	-2%
Capital	\$429,603	\$765,492	\$298,637	-\$466,855	-30%
Debt Requirement	\$85,381	\$95,233	\$95,233	\$0	12%
EXPENSES TOTAL	\$3,475,459	\$3,967,677	\$3,458,963	-\$508,714	0%

Additional Revenue + \$ 0

Reduced Expenses - \$509k (Reduced Utilities \$50k, Removed OFP Lighting \$402k, Removed Workman HDX \$43k, and updated pricing on Tatsch House Renovations and Pool Plaster)

Capital Projects: Parks & Recreation Dept.

Capital Projects and Equipment General Fund

- Tatsch House renovations: decreased by \$10,000 to \$30,000
- Park Pool leisure pool plaster: decreased by \$10,000 to \$80,000
- Park Pool cover: \$21,520
- Town Pool ramp: \$12,600
- Pioneer Pavilion stage renovations: \$15,000
- Groundsmaster mower (or equivalent): \$44,517
- Tatsch House and Pioneer Pavilion Parking lot: \$95,000 rolled over from FY '25
- Removed Dark Skies lighting projects (\$402,000)
- Removed Workman HDX (\$43,055)
- **Lady Bird Johnson Municipal Park Master Plan \$130,000**

Capital Projects: Parks & Recreation Dept.

Capital Projects and Equipment Tourism Fund

- Annual Christmas light replacement: \$100,000
- JD Mower: \$20,810
- Marktplatz fiber extension: \$100,000
- Adelsverein Halle repainting: \$49,550
- Bollards – \$100,000 (remove or replace with mobile barricades)
- Substation Professional Service fees: \$75,000
- Substation renovations: \$320,000
- Garden border extension: \$20,000
- Glockenspiel: \$400,000

Parks & Recreation Dept. Discussion

New Personnel

- **No new staff requested in FY 2026**
- **Aquatics Maintenance Tech and a Crew Worker in FY 2027**

Long Term Staffing and Maintenance for new projects:

- **Soccer fields: irrigation, garbage collection, restrooms, lights, parking lot, utilities**
- **Nature Center: ~\$200,000 per year in staff and maintenance costs**
- **Racquet Center: public restroom, playground, trails, utilities**
- **Other: Turner Hall location, trails at Soccer Complex**

- **Glockenspiel: annual maintenance and programming (Tourism Fund)**

Budget Overview-Tourism

City of Fredericksburg 07-Tourism

	FY 2025 AMENDED BUDGET	FY 2026 PROPOSED BUDGET 8-15	FY 2026 PROPOSED BUDGET 8-28		
	FY2025	No New Hires /1%-1.5%+2.5% STEP	New Hires /1%-1.5%+2.5% STEP	Proposed 8-15 vs 8-28 \$ VAR \$	Proposed 8-28 vs FY 2025 % VAR %
Revenues					
Hotel Occupancy Tax	\$6,037,100	\$6,037,100	\$6,037,100	\$0	0%
Donations	\$9,600	\$0	\$0	\$0	-100%
Miscellaneous Revenues	\$139,200	\$129,400	\$129,400	\$0	-7%
REVENUES TOTAL	\$6,185,900	\$6,166,500	\$6,166,500	\$0	0%
Expenses					
Personnel	\$553,871	\$611,240	\$611,240	\$0	10%
Hotel Tax Distributions	\$5,039,890	\$4,334,915	\$4,034,915	-\$300,000	-20%
Maintenance & Operations	\$530,620	\$431,558	\$404,182	-\$27,376	-24%
Intercompany Transfer Out	\$0	\$500,000	\$0	-\$500,000	-
Capital	\$495,140	\$1,247,360	\$1,247,360	\$0	152%
Debt Requirement	\$4,107	\$4,107	\$4,107	\$0	0%
Depreciation/Amortization	\$0	\$0	\$0	\$0	-
EXPENSES TOTAL	\$6,623,628	\$7,129,180	\$6,301,804	-\$827,376	-5%

Additional Revenue + \$ 0

Reduced Expenses - \$827k (Removed Public Safety Transfer to GF \$500k, Adjusted Hotel Tax Distribution Awards to \$700k vs \$1M, and corrected cost for Historical Society restrooms)

Tourism Estimated Fund Balance at 9.30.26 \$3.0M; Reserves \$1.8M

Budget Overview-Municipal Court

City of Fredericksburg Municipal Court (29)

	FY 2025 AMENDED BUDGET	FY 2026 PROPOSED BUDGET 8-15	FY 2026 PROPOSED BUDGET 8-28		
	FY2025	No New Hires /1%-1.5%+2.5% STEP	New Hires /1%-1.5%+2.5% STEP	Proposed 8-15 vs 8-28 \$ VAR \$	Proposed 8-28 vs FY 2025 % VAR %
Revenues					
Municipal Revenues	\$186,600	\$186,600	\$186,600	\$0	0%
REVENUES TOTAL	\$186,600	\$186,600	\$186,600	\$0	0%
Expenses					
Personnel	\$555,248	\$488,484	\$641,420	\$152,936	16%
Maintenance & Operations	\$193,123	\$216,853	\$216,853	\$0	12%
Capital	\$0	\$0	\$0	\$0	-
Debt Requirement	\$1,834	\$1,561	\$1,561	\$0	-15%
EXPENSES TOTAL	\$750,205	\$706,898	\$859,834	\$152,936	15%

Additional Revenue + \$ 0

Additional Expenses + \$152.9k (Added two full-time employees; reduced part-time wages and overtime)

Municipal Court

New Personnel Requests

FY 2026 Budget Impact \$152.9K

1. Deputy Clerk Part-time to Full-time
2. Court Administrator

Case filings have increased 33% over the past year

Ensures continued efficiency to avoid backlog

Accounts for 5-10 years growth for Municipal Court

Budget Overview-Fire Department

City of Fredericksburg Fire Department (23)

	FY 2025 AMENDED BUDGET	FY 2026 PROPOSED BUDGET 8-15	FY 2026 PROPOSED BUDGET 8-28		
	FY2025	No New Hires /1%-1.5%+2.5% STEP	New Hires /1%-1.5%+2.5% STEP	Proposed 8-15 vs 8-28 \$ VAR \$	Proposed 8-28 vs FY 2025 % VAR %
Revenues					
Other Revenues	\$41,713	\$23,000	\$23,000	\$0	-45%
Intergovernmental Transfers In	\$1,476,805	\$1,530,202	\$1,478,702	-\$51,500	0%
REVENUES TOTAL	\$1,518,518	\$1,553,202	\$1,501,702	-\$51,500	-1%
Expenses					
Personnel	\$1,793,453	\$1,620,319	\$1,562,272	-\$58,047	-13%
Maintenance & Operations	\$659,756	\$678,201	\$633,201	-\$45,000	-4%
Intergovernmental Transfer Out	\$178,973	\$184,342	\$184,342	\$0	3%
Capital	\$93,713	\$93,713	\$168,713	\$75,000	80%
Debt Requirement	\$680,816	\$940,344	\$940,344	\$0	38%
EXPENSES TOTAL	\$3,406,711	\$3,516,919	\$3,488,872	-\$28,047	2%

Reduced Revenues - \$52k (County shared revenue reduction with overall expense reduction)
 Reduced Expenses - \$28k (Added \$75k ½ cost roof replacement, Reduced overtime, Increased Uniforms and clothing, Reduced M&O).

Budget Overview-EMS

City of Fredericksburg 06-EMS

	FY 2025 AMENDED BUDGET	FY 2026 PROPOSED BUDGET 8-15	FY 2026 PROPOSED BUDGET 8-28		
	FY2025	No New Hires /1%-1.5%+2.5% STEP	New Hires /1%-1.5%+2.5% STEP	Proposed 8-15 vs 8-28 \$ VAR \$	Proposed 8-28 vs FY 2025 % VAR %
Revenues					
EMS Billing Revenues	\$2,300,000	\$2,438,000	\$2,438,000	\$0	6%
Intergovernmental Transfer In	\$1,742,107	\$1,794,679	\$1,741,179	-\$53,500	0%
Miscellaneous Revenues	\$7,000	\$7,000	\$7,000	\$0	0%
Intercompany Transfer from General Fund	\$2,153,599	\$2,252,337	\$2,205,837	-\$46,500	2%
REVENUES TOTAL	\$6,202,706	\$6,492,016	\$6,392,016	-\$100,000	3%
Expenses					
Personnel	\$3,706,954	\$4,050,152	\$3,950,152	-\$100,000	7%
Maintenance & Operations	\$1,323,914	\$1,222,534	\$1,222,534	\$0	-8%
Intergovernmental Transfer Out	\$273,352	\$281,552	\$281,552	\$0	3%
Capital	\$75,000	\$125,000	\$125,000	\$0	67%
Debt Requirement	\$823,487	\$812,778	\$812,778	\$0	-1%
Depreciation/Amortization	\$0	\$0	\$0	\$0	-
EXPENSES TOTAL	\$6,202,707	\$6,492,016	\$6,392,016	-\$100,000	3%

Reduced Revenue - \$100k (County and City share reduction as overall costs are reduced)

Reduced Expenses - \$100k (Reducing overtime due to policy updates-work rules)

EMS Estimated Fund Balance at 9.30.26 \$330k

Budget Overview-Emergency Management

City of Fredericksburg Emergency Management (14)

	FY 2025 AMENDED BUDGET	FY 2026 PROPOSED BUDGET 8-15	FY 2026 PROPOSED BUDGET 8-28		
	FY2025	No New Hires /1%-1.5%+2.5% STEP	New Hires /1%-1.5%+2.5% STEP	Proposed 8-15 vs 8-28 \$ VAR \$	Proposed 8-28 vs FY 2025 % VAR %
Revenues					
Grant Revenue	\$0	\$0	\$0	\$0	-
Intercompany Transfer from General Fund	\$150,190	\$150,825	\$150,825	\$0	0%
Intergovernmental Transfer In	\$150,190	\$150,826	\$150,826	\$0	0%
Miscellaneous Revenues	\$3,000	\$3,000	\$3,000	\$0	0%
REVENUES TOTAL	\$303,380	\$304,651	\$304,651	\$0	0%
Expenses					
Personnel	\$211,926	\$217,731	\$217,731	\$0	3%
Maintenance & Operations	\$80,769	\$76,505	\$76,505	\$0	-5%
Capital	\$0	\$0	\$0	\$0	-
Debt Requirement	\$10,685	\$10,415	\$10,415	\$0	-3%
Depreciation/Amortization	\$0	\$0	\$0	\$0	-
EXPENSES TOTAL	\$303,380	\$304,651	\$304,651	\$0	0%

Additional Revenue + \$ 0

Reduced Expenses - \$ 0

Emergency Management Estimated Fund Balance at 9.30.26 \$67k

Fire - Capital Project and Equipment

Apparatus:

- New Fire Engine \$1,500,000 (Lease purchase for 8 years)
 - Build Time: 50 Months FY 2026 \$250,000

Tools / Equipment:

- Firefighting bed for Brush Truck \$93,713 (\$75,000 Roll Over Item/ Chassis purchased)

EMS - Capital Project and Equipment

Projects:

- Replace/ repair roof at South Station \$95,000 (\$75,000 Roll Over Item)

Apparatus:

- New Ambulance. \$450,000 (Lease Purchase for 3 years)
 - Build Time: 24-36 Months FY 2026 \$150,000

Tools / Equipment:

- Tactical Medical Equipment \$30,000

Budget Overview-Health Department

City of Fredericksburg Health Department (28)

	FY 2025 AMENDED BUDGET	FY 2026 PROPOSED BUDGET 8-15	FY 2026 PROPOSED BUDGET 8-28		
	FY2025	No New Hires /1%-1.5%+2.5% STEP	New Hires /1%-1.5%+2.5% STEP	Proposed 8-15 vs 8-28 \$ VAR \$	Proposed 8-28 vs FY 2025 % VAR %
Revenues					
Other Revenues	\$167,500	\$162,000	\$162,000	\$0	-3%
Intergovernmental Transfers In	\$121,039	\$155,745	\$155,745	\$0	29%
REVENUES TOTAL	\$288,539	\$317,745	\$317,745	\$0	10%
Expenses					
Personnel	\$360,896	\$419,495	\$419,495	\$0	16%
Maintenance & Operations	\$38,963	\$39,816	\$39,816	\$0	2%
Capital	\$1,364	\$0	\$0	\$0	-100%
Debt Requirement	\$8,354	\$8,678	\$8,678	\$0	4%
EXPENSES TOTAL	\$409,577	\$467,989	\$467,989	\$0	14%

Additional Revenue + \$ 0

Reduced Expenses - \$ 0

Budget Overview-Health Department

- **No Personnel Requests**
- **89th Legislative Session effect on Revenues**
 - **SB 1008 – effective date September 1, 2025**
 - **HB 2844 – effective date July 1, 2026**
 - **Loss of revenue to be determined by DSHS final implementation.**

City/County Shared Expenses

City Expenses split with County:

- Emergency Management Expenses \$305k
- Fire Department Expenses (not including Fire Marshal) \$3.5M
- Health Department Expenses (less revenues) \$312k
- EMS Expenses (less revenues) \$3.9M

County Expenses split with City:

- Rural Fire Department \$266k
- Law Enforcement Center \$408k
- Communications/Dispatch \$2.7M

Animal Shelter Expenses \$250k (Personnel being paid through PD):

- County contributes \$15k

Other General Fund Expenses:

- City Share -GCAD-Property Tax collection \$44k
- City Share – Appraisal District \$127k