



City of Austin
**2025-26
BUDGET**



Art in Public Places: La Mujer by J Muzacz/Caminos Internship Program, 2022

FY 2026 – FY 2030 FIVE-YEAR FINANCIAL FORECAST

BUDGET AND ORGANIZATIONAL EXCELLENCE



Today's Agenda

- I. FY25 Financial Update
- II. FY26 Budget Timeline
- III. Citywide Cost Drivers
- IV. General Fund Forecast
- V. Capital Improvement Program Highlights
- VI. Policy Discussion



FY25 GENERAL FUND ESTIMATE



City of Austin
**2025-26
BUDGET**

REVENUE

GENERAL FUND PROJECTED TO END FY25 WITH \$1.42 BILLION IN TOTAL REVENUE, \$5.7 MILLION, OR 0.4%, BELOW BUDGETED LEVEL

- **SALES TAX:** Projected \$7.9 million below budget due to persistent weakness in taxable sales; FY25 sales tax growth projected at 1.5%
- **OTHER TAXES:** Projected \$1.8 million below budget primarily due to decline in alcoholic beverage sales in bars and restaurants
- **EMS:** \$4.1 million higher than projected due to improved billing efficiencies as a result of recently added staff

**PROJECTED
FY25 REVENUE:**

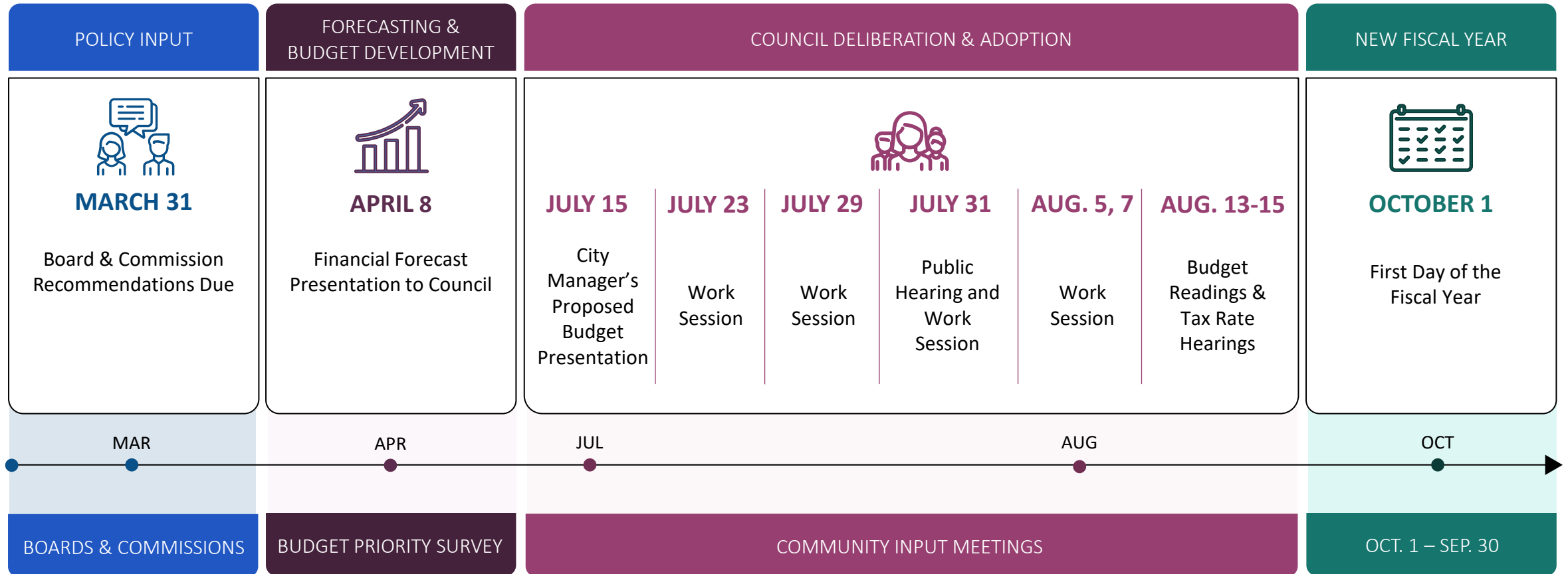
\$1.42B

EXPENDITURES

- Combined, General Fund departments are projected to close the year with expenditures at budget
- Vacancy savings trending lower than budget due to successful hiring efforts
- Inflationary pressure continues across all expenditure categories
- Will refine estimate as year progresses and work with departments to identify opportunities for savings



FY26 BUDGET TIMELINE





CITYWIDE COST DRIVERS

PERSONNEL AND BENEFITS

HEALTH INSURANCE

- 5% projected annual increase in City contributions

LIVING WAGE

- Funding included to maintain Living Wage increase policy

WAGES

- 3.5% civilian wage increase FY26
 - Forecast assumes 3.0% in out-years
- Wage increases for Police and EMS per agreements
- Fire negotiations will commence soon for a new labor agreement

PENSION

- City of Austin Employees' Retirement System (COAERS) & Austin Police Retirement System City: increased Contributions & Legacy Liability payments
- Fire Sworn pension reform

MARKETS

- Market salary adjustments for specific titles in FY26
- Citywide market analysis for FY27 Planned year



SHARED SERVICE ALLOCATIONS

	FORECASTED ANNUAL GROWTH:
<p>SUPPORT SERVICES</p> <ul style="list-style-type: none"> Support Service departments include Human Resources, Law, Financial Services, Building Services, City Council, and others 	<p>7% FY26 5% Out-years</p>
<p>COMMUNICATIONS & TECHNOLOGY MANAGEMENT (CTM)</p> <ul style="list-style-type: none"> CTM provides for the delivery of core IT infrastructure, applications, and information security, as well as critical replacement of end-of-life technology 	<p>10% FY26 5% Out-years</p>
<p>FLEET MAINTENANCE</p> <ul style="list-style-type: none"> Fleet Mobility Services manages the full lifecycle of all vehicles and equipment including acquisitions, maintenance, repair, and disposition 	<p>5% - 7%</p>
<p>FUEL</p> <ul style="list-style-type: none"> Fuel costs are estimated based on usage and price projections from the U.S. Energy Information Administration 	<p>3%</p>



GENERAL FUND FORECAST

GENERAL FUND REVENUE



City of Austin
**2025-26
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REVENUE SOURCES OVER TIME

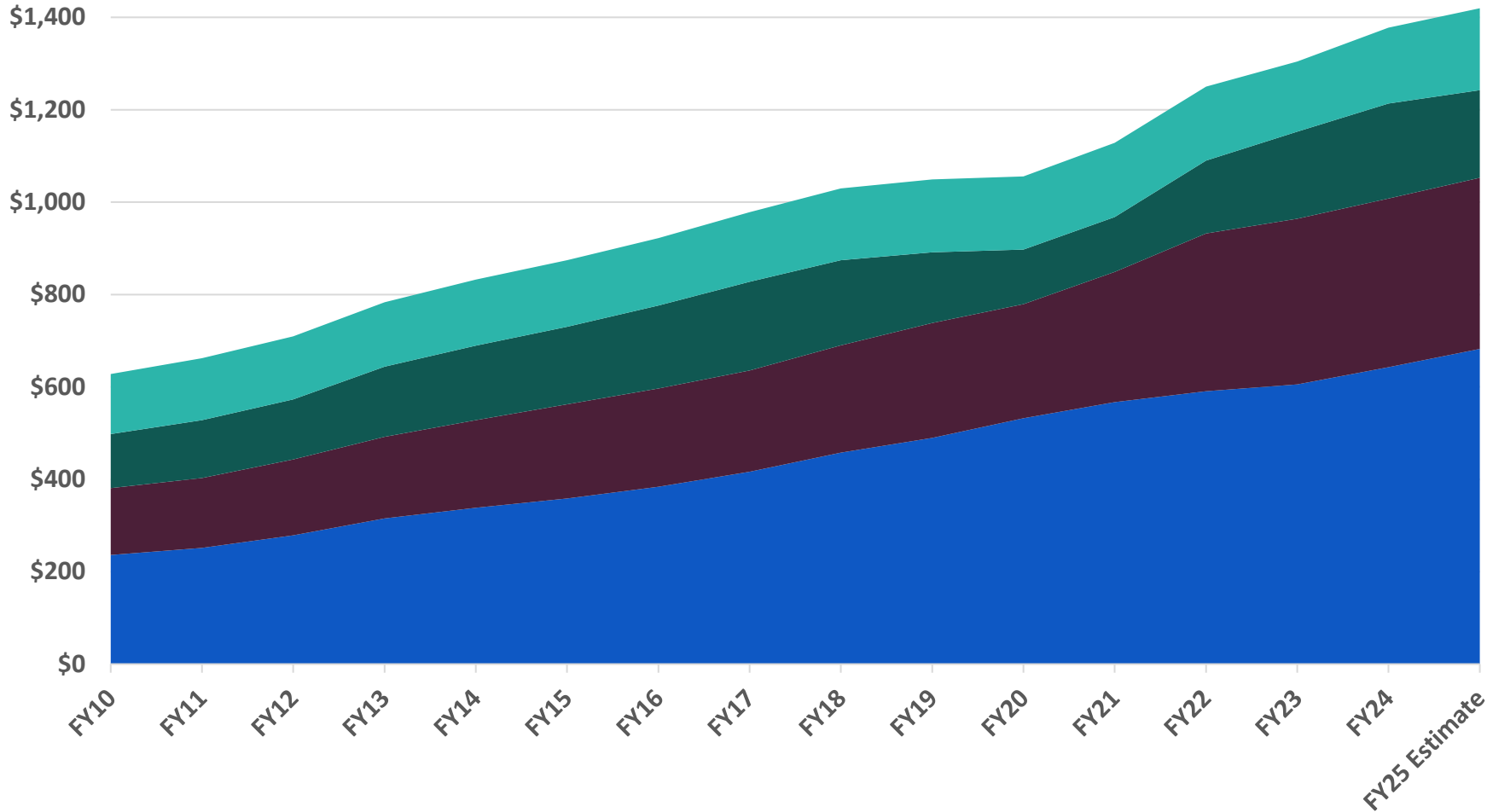
**FY 2010
Actual**

**PROPERTY TAX
37.6%**

**SALES TAX
23.0%**

**OTHER REVENUE
18.7%**

**UTILITY
TRANSFERS
20.7%**



**FY 2025
Estimate**

**PROPERTY TAX
48.1%**

**SALES TAX
26.1%**

**OTHER REVENUE
13.4%**

**UTILITY
TRANSFERS
12.5%**

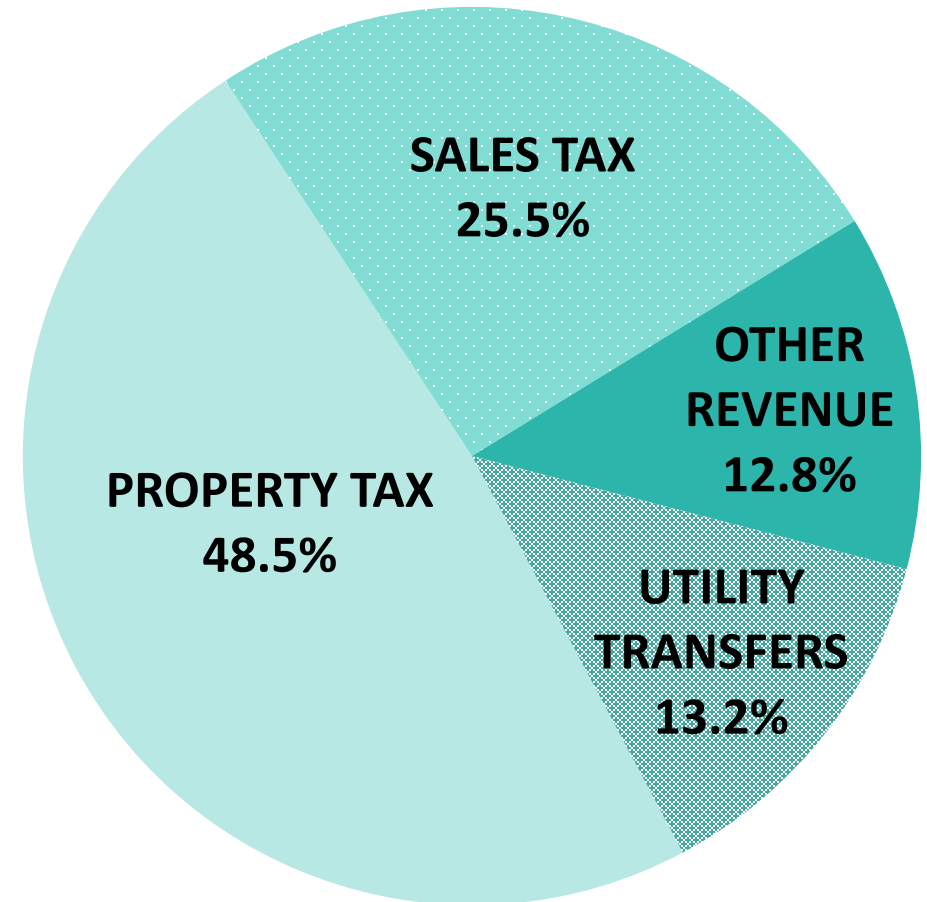
FY 2026 FORECAST GENERAL FUND REVENUE



City of Austin
**2025-26
BUDGET**

FY 2026 Forecast Revenue: \$1.47 Billion

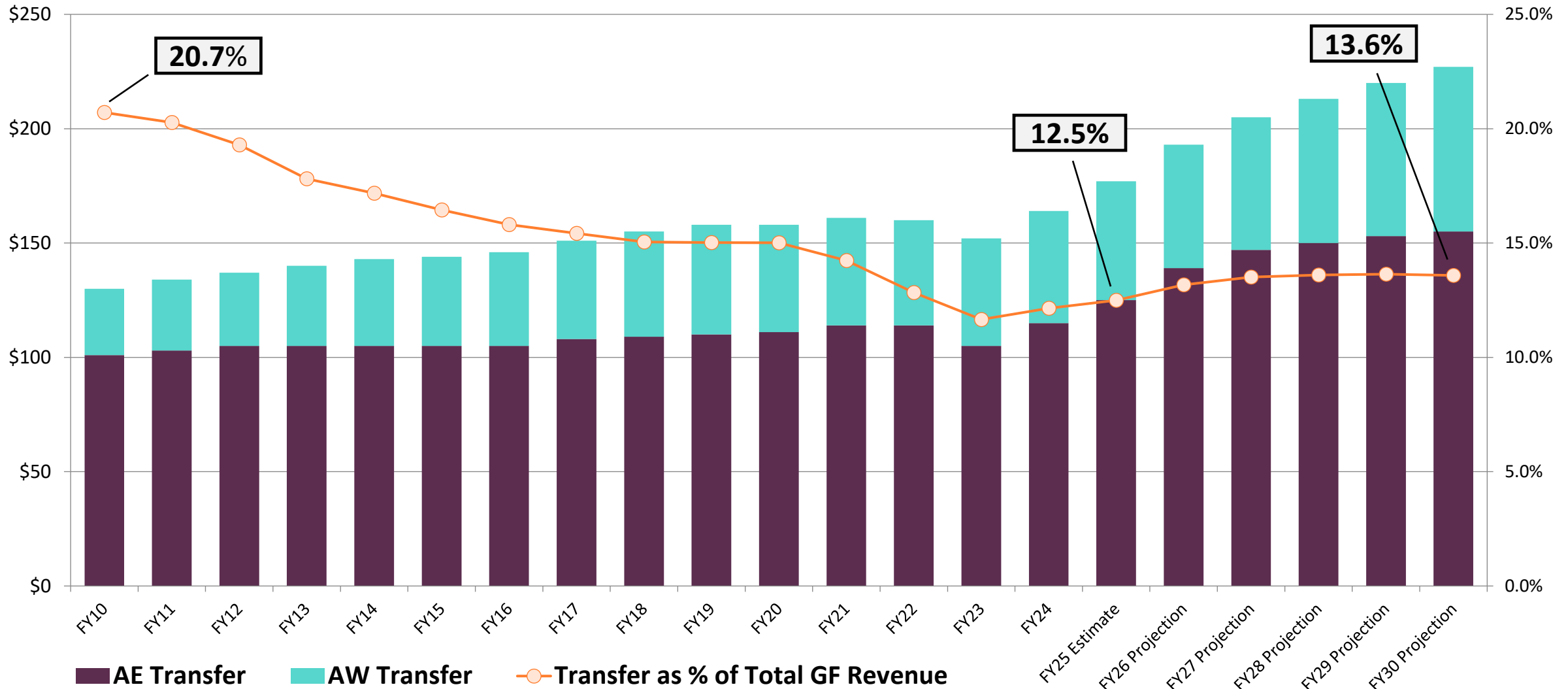
Category	FY26 Forecast	Growth vs. FY25 Estimate
Property Tax	\$712.7M	4.5%
Sales Tax	\$374.2M	1.0%
Other Revenue	\$188.2M	(0.8%)
Utility Transfers	\$193.5M	9.1%
TOTAL	\$1,468.6M	3.4%



GENERAL FUND REVENUE SOURCES: UTILITY TRANSFER



City of Austin
**2025-26
BUDGET**

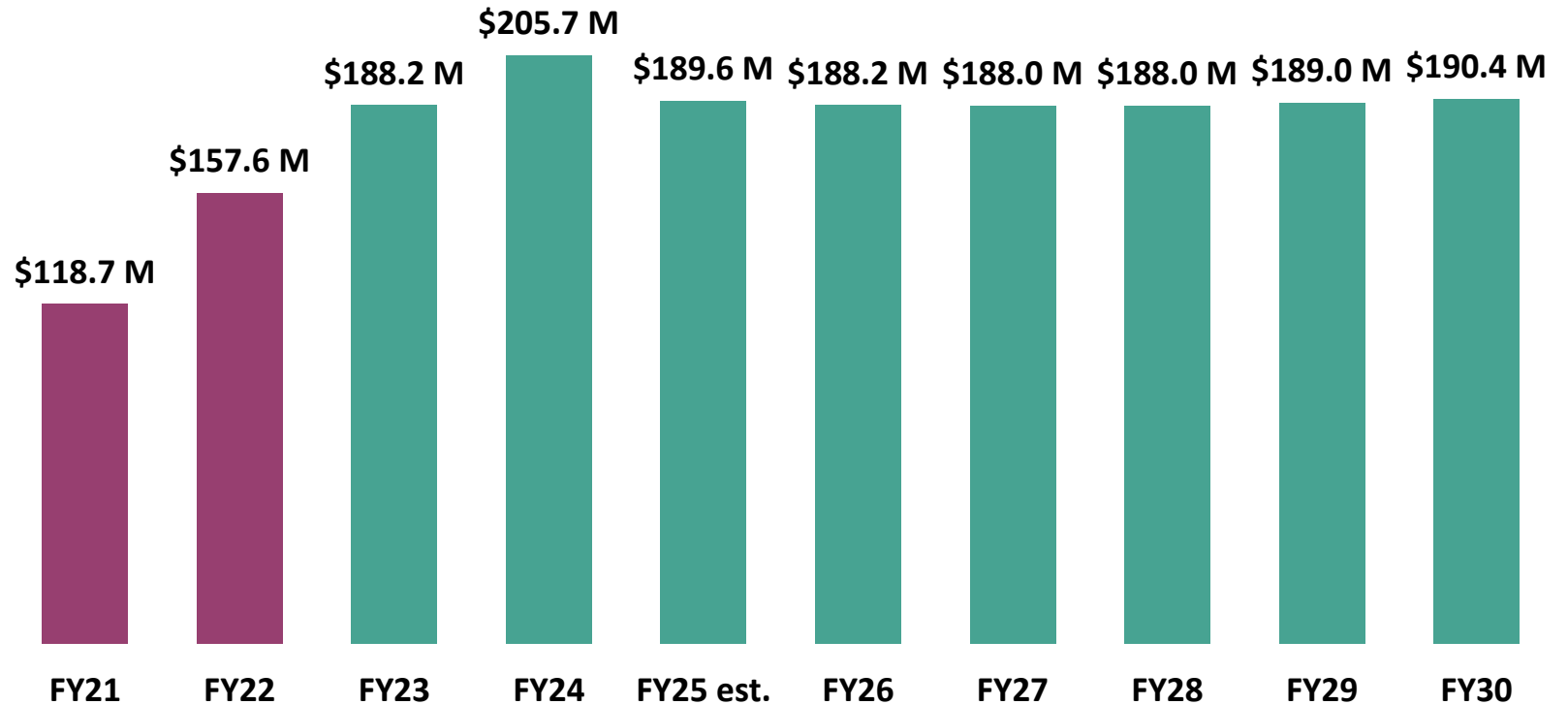


GENERAL FUND REVENUE SOURCES: OTHER REVENUE



City of Austin
**2025-26
BUDGET**

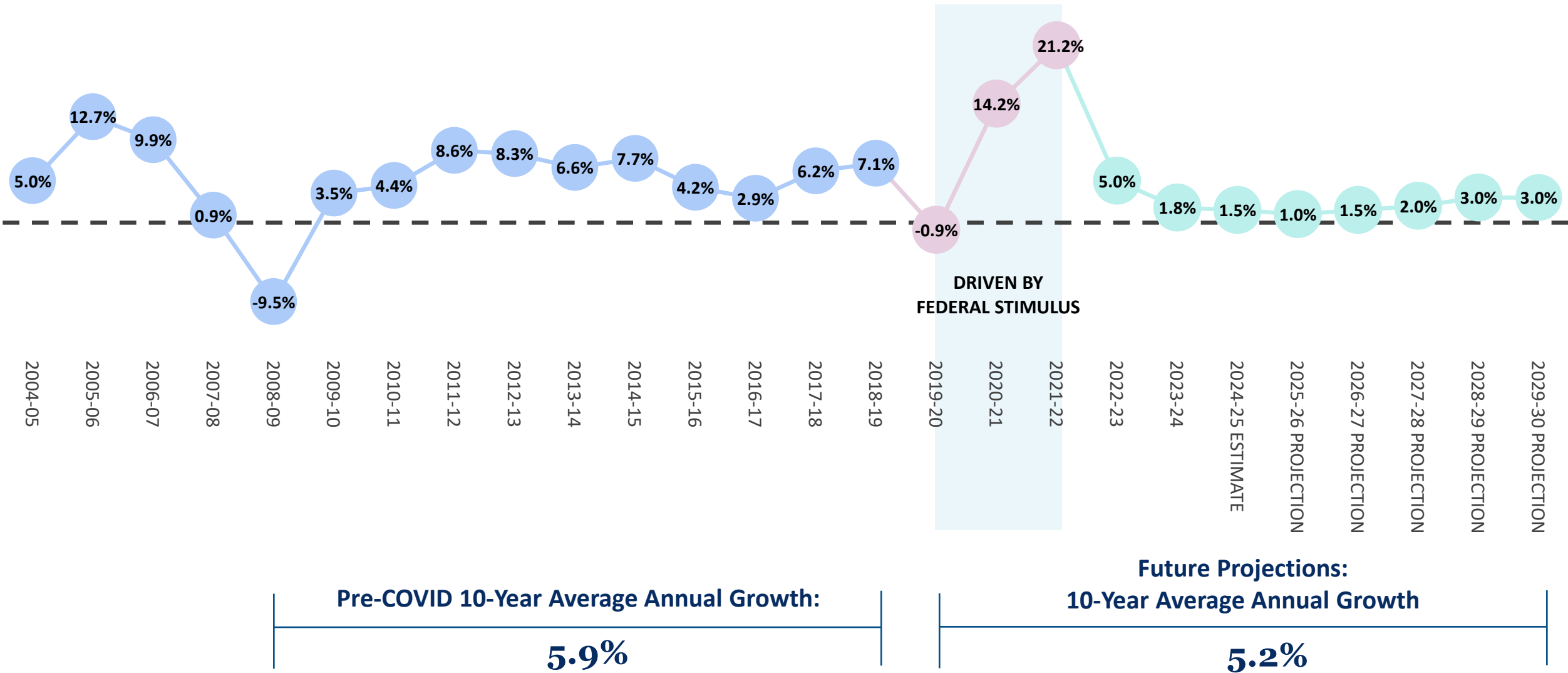
- EMS Charges for Service
- Telecommunications, Gas, and Cable Franchise Fees
- Interest
- Mixed Beverage Tax
- Public Health and Safety Licenses, Inspections, and Permits
- Recreation Charges for Service
- Alarm Permits
- Fines



FUTURE PROJECTIONS

5-Year Compound Annual Growth Rate (0.1%)

GENERAL FUND REVENUE SOURCES: SALES TAX



PRELIMINARY ECONOMIC & SALES TAX FORECAST FROM TXP, INC.

Clear Signs of Economic Slowdown

- National consumer confidence has plunged recently
- Inflation remains above the Fed's comfort level
- Equity markets have fallen sharply in recent weeks, due largely to a combination of recession/slowdown fears and no clarity on the timing, breadth, and scope of tariffs and their impact

Local Economic Conditions

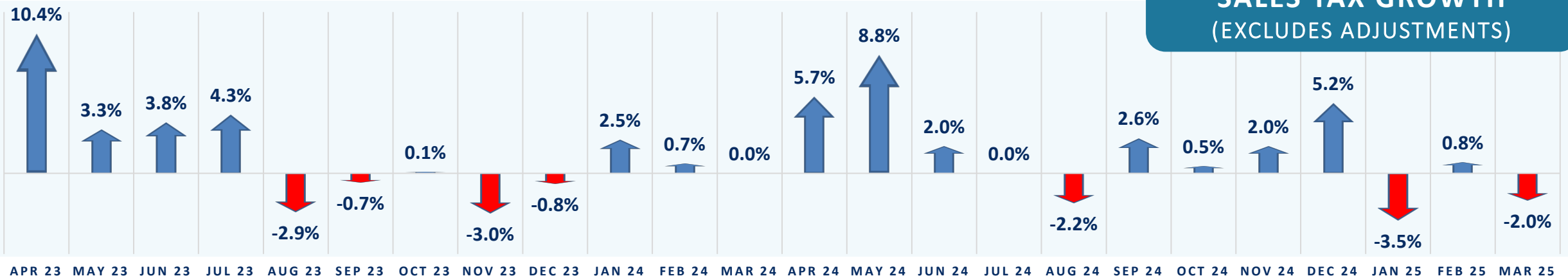
- Little driving current job creation
- Real estate market is over-built → little new building-related sales tax
- Slowdown in demand more than offsets the impact of higher prices resulting from tariffs

GENERAL FUND REVENUE SOURCES: SALES TAX



City of Austin
**2025-26
BUDGET**

- **THROUGH FOUR PAYMENTS, FY25 YEAR-TO-DATE GROWTH IS 3.9%**
 - Growth rate to meet budget is 3.7%
- **CURRENT COLLECTIONS, WHICH EXCLUDE ADJUSTMENTS, SHOWING YEAR-TO-DATE GROWTH OF ONLY 0.2%**
- **FY25 YEAR-END GROWTH PROJECTED AT 1.5%**
 - Adjustments expected to regress to mean
 - Current collections growth expected to remain slightly positive



GENERAL FUND REVENUE SOURCES: PROPERTY TAX



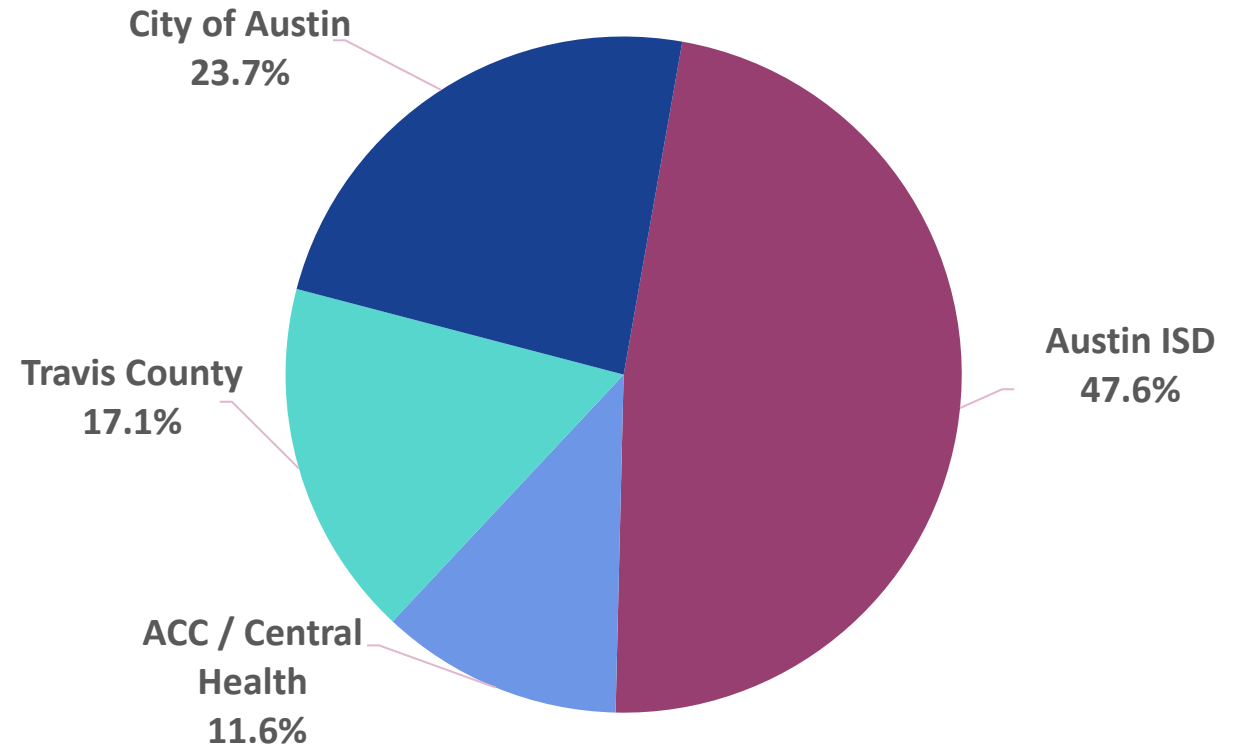
City of Austin
**2025-26
BUDGET**

Tax Bill for Typical Homeowner*

Jurisdiction	FY24	FY25	Change	% Change
AISD	\$3,434	\$3,949	\$515	15.0%
City of Austin	\$1,782	\$1,970	\$188	10.6%
Travis County	\$1,217	\$1,420	\$203	16.7%
Austin Community College	\$488	\$517	\$29	6.0%
Central Health	\$402	\$445	\$43	10.6%
Total Tax Bill	\$7,275	\$7,623	\$348	13.4%

All values rounded to the nearest dollar.

* The typical Austin homeowner is defined as the owner of a median-value home that does not receive the senior/disabled exemption. This typical home had an assessed value of approximately \$515,500 in FY 2025, before accounting for each entities' homestead exemptions.



GENERAL FUND REVENUE SOURCES: PROPERTY TAX



City of Austin
**2025-26
BUDGET**

Property Values	Growth Rate	Total Certified Taxable Value	New Property Taxable Value
FY 2025	0.9%	\$236.3 billion	\$5.4 billion
FY 2026 Projected	-10%	\$212.7 billion	\$2.2 billion

➤ Travis County Appraisal District preliminary results show significant decline in property values

PROJECTED PROPERTY TAX BILL	FY 2025	FY 2026 PROJECTION	\$ CHANGE	% CHANGE
Non-Senior Homestead FY26 projected median assessed value of \$475,000, net of 20% homestead exemption	\$1,969	\$2,166	\$197	10.0%
Senior/Disabled Homestead FY26 projected median assessed value of \$488,000, net of 20% general homestead exemption & \$154,000 senior/disabled exemption	\$1,245	\$1,348	\$103	8.3%

➤ Decline in commercial properties expected to be steeper than for residential

➤ Protest volume and value loss anticipated at historically high levels

GENERAL FUND REVENUE SOURCES: PROPERTY TAX



City of Austin
**2025-26
BUDGET**

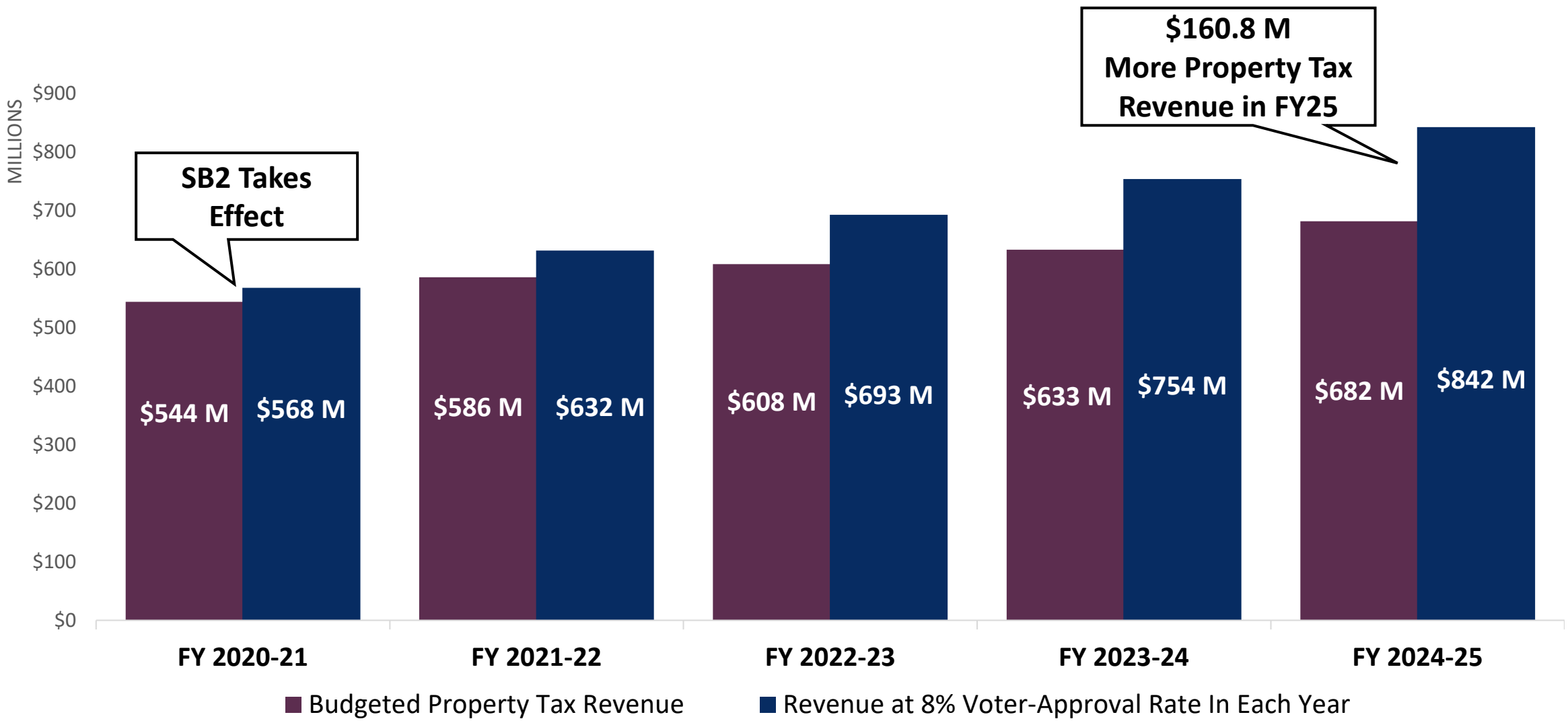
PROPERTY TAX	GENERAL FUND REVENUE	<i>GENERAL FUND RATE</i>	DEBT SERVICE REQUIREMENT	<i>DEBT RATE</i>	ATP REVENUE	<i>TOTAL PROPERTY TAX RATE</i>
FY25 Approved	\$681.6M	<i>\$0.3022</i>	\$220.8M	<i>\$0.0961</i>	\$178.9M	<i>\$0.4776</i>
FY26 Projected	\$712.0M	<i>\$0.3526</i>	\$256.6M	<i>\$0.1249</i>	\$186.9M	<i>\$0.5701</i>
Change	\$30.4M	<i>\$0.0505</i>	\$35.8M	<i>\$0.0288</i>	\$8.0M	<i>\$0.0925</i>

➤ State revenue cap of 3.5% applies to the M&O property tax revenue derived from properties taxed in both years, without seeking voter approval.

GENERAL FUND PROPERTY TAX COMPARISON



City of Austin
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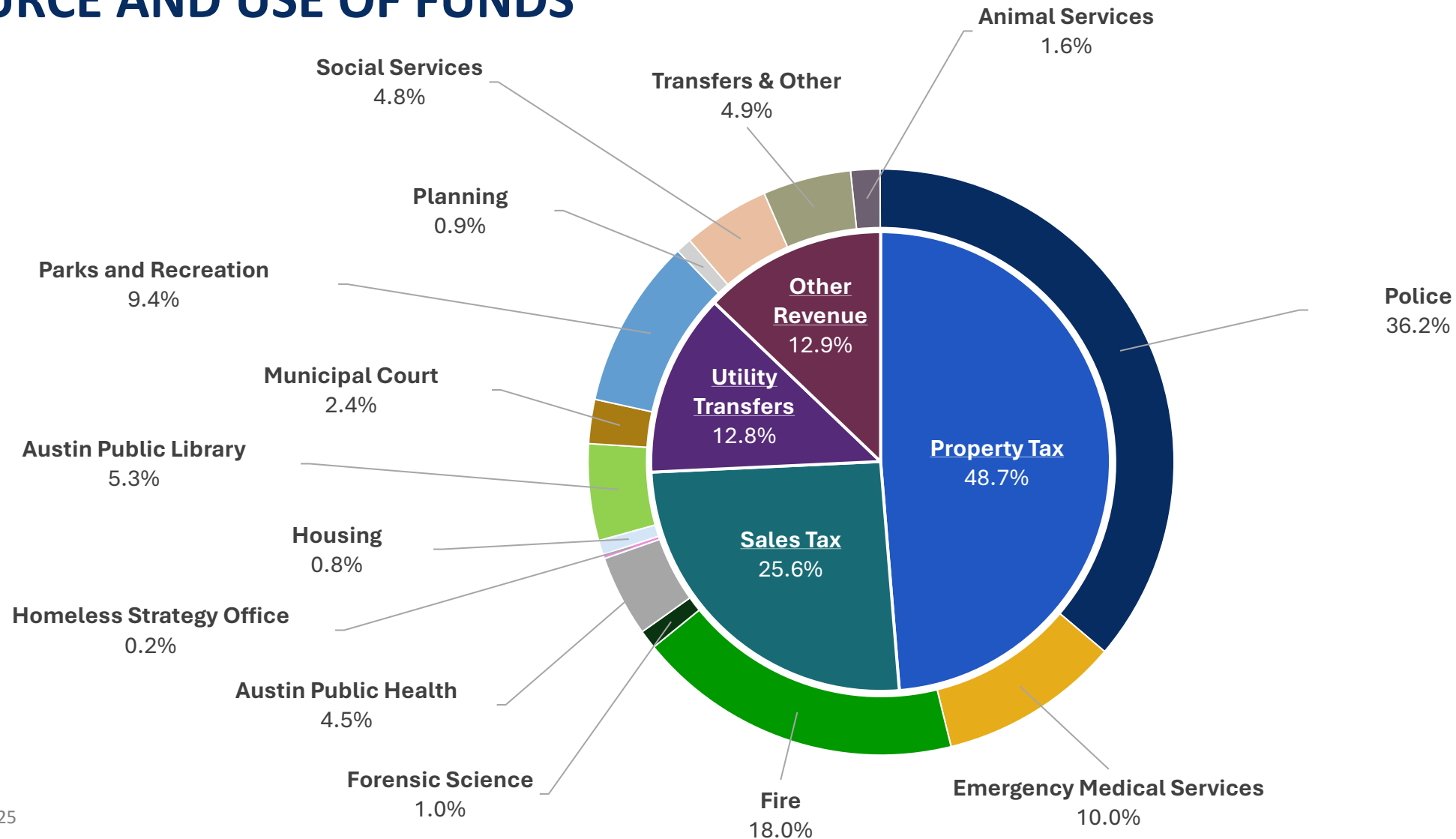


FY26 GENERAL FUND FORECAST: \$1.5 BILLION



City of Austin
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SOURCE AND USE OF FUNDS



PROJECTED GENERAL FUND BASE COST DRIVERS



INCLUDED ITEMS:	FY 2026:
Salary and benefits increases*	\$39.8M
Support Services, CTM, fleet maintenance, fuel and Worker’s Compensation	\$17.4M
8 th Street Homeless Shelter services	\$3.5M
Contractuals including technology, rent, utilities, supplies and operational equipment	\$2.7M
Annualized costs of positions and resources added in FY 2025 Budget	\$2.1M
Fire Ladder apparatus staffing and operating costs, including 16 new positions	\$2.0M
Travis County Booking Interlocal net increase	\$2.0M

**civilian wage increases, markets, projected increases in City insurance & pension contributions, and costs related to the labor contracts for EMS, Fire, and Police*

FY27 – FY30 INCLUDED ITEMS:

- Wages and benefits
- City-wide cost allocations
- An additional Fire ladder apparatus and staffing

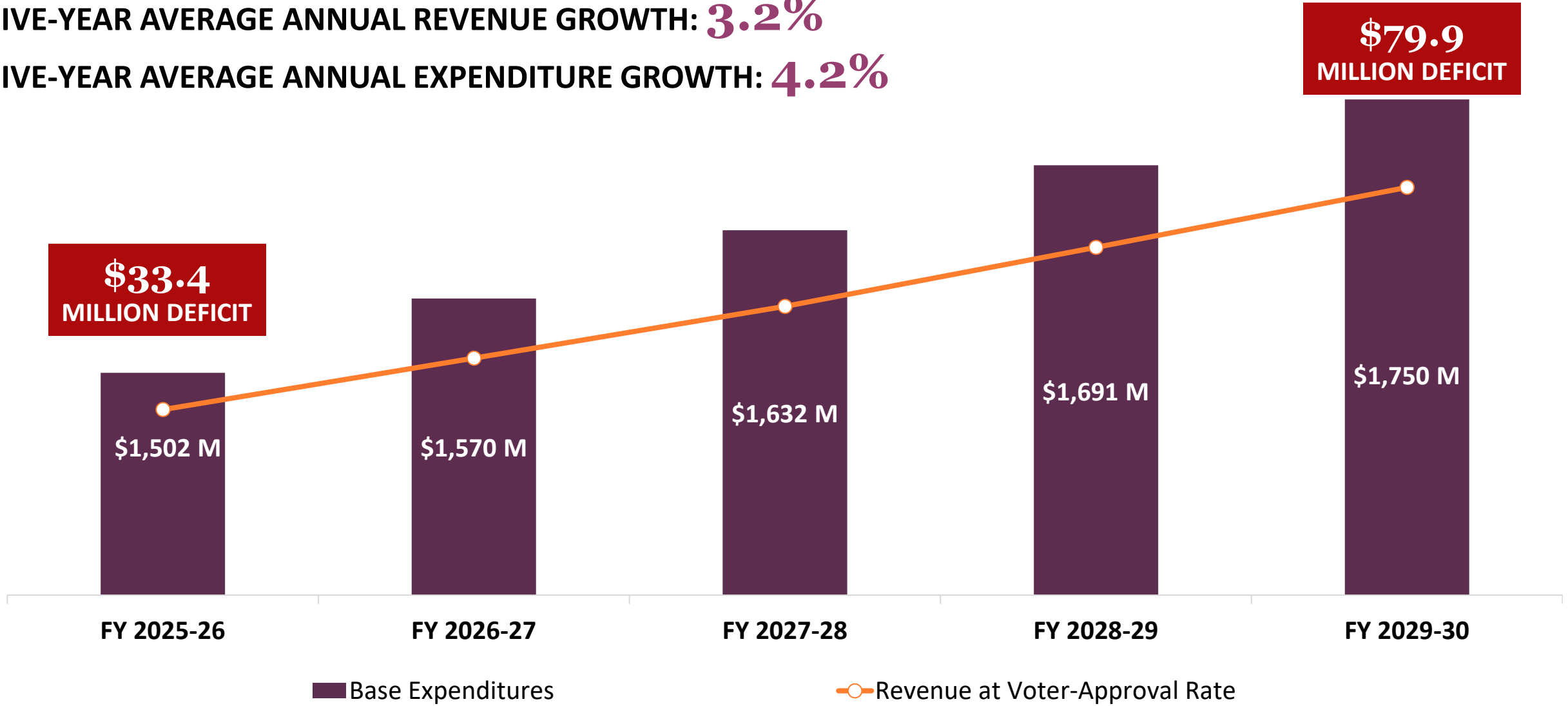
GENERAL FUND FIVE-YEAR BASE FORECAST



City of Austin
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FIVE-YEAR AVERAGE ANNUAL REVENUE GROWTH: **3.2%**

FIVE-YEAR AVERAGE ANNUAL EXPENDITURE GROWTH: **4.2%**



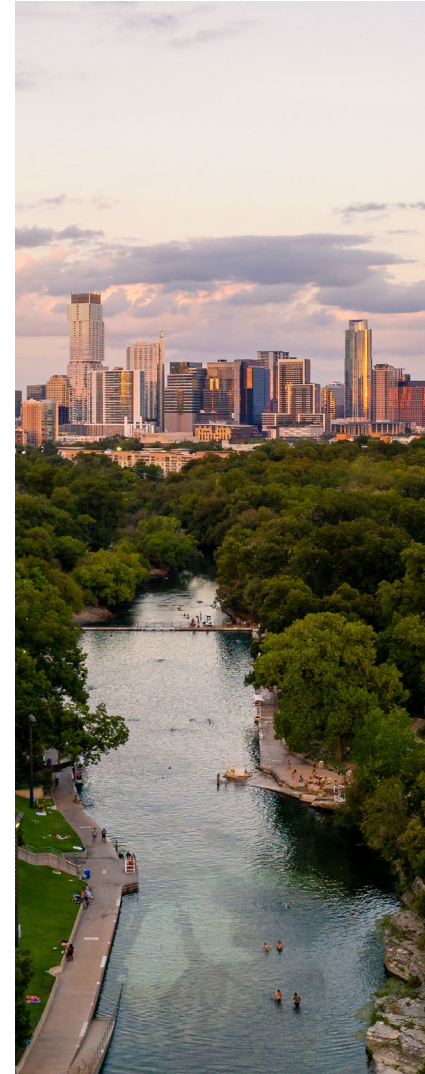
REVENUE REVISIONS IN FY26 FORECAST

Decline in Economic Conditions

- \$21.7 million lower projection for sales and mixed beverage taxes
- \$2.9 million lower projection for property tax

Improvements in other revenue sources

- \$4.1 million higher projection for EMS ambulance services revenue as a result of recently added billing positions
- \$1.0 million higher projection for Austin Energy General Fund transfer as a result of restoration of 12% calculation



NEW COST ASSUMPTIONS IN FY26 FORECAST

Personnel & Benefits Increases:

- \$4.1 million net increase in wage and benefits costs
 - Base and living wages, market studies, shift differential, contributions to health insurance, COAERS and Police pension system
- \$2.1 million increase for higher-than-projected cost of contract with Austin Police Association

City-wide Allocations:

- \$6.1 million increase in allocations supporting information technology, support services departments, accrued payroll, and the 311 Call Center

Departmental Increases:

- \$3.4 million for 8th Street Homeless Shelter ongoing operational funding
- \$2.2 million for contractual and utility cost increases
- \$2.0 million for 16 positions to staff a new Fire ladder truck
- Net \$2.0 million increase for anticipated cost of ILA with Travis County for magistrations services

GENERAL FUND RESERVES PROJECTED TO END FY26 AT 17.2% OF ONGOING EXPENDITURES

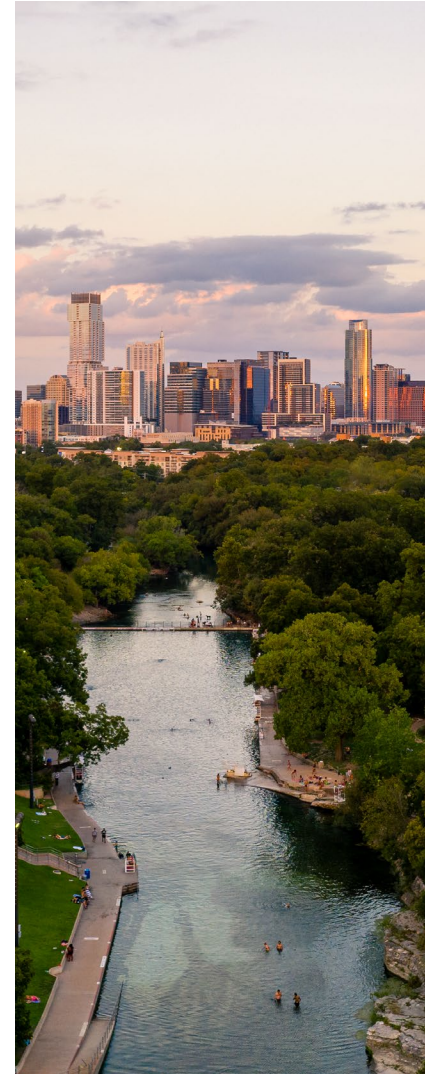
Reflects receipt of projected \$12.7 million in FEMA reimbursements in FY 2025

Additional \$9.6 million in reimbursements projected in FY 2026

- City does not control timing or magnitude of final reimbursements
- Increased uncertainty regarding federal grants to state and local governments

Surplus of \$2.5 million versus 17% financial policy level

- Does not reflect closing \$33.4M budget gap
- Does not assume any one-time expenditures

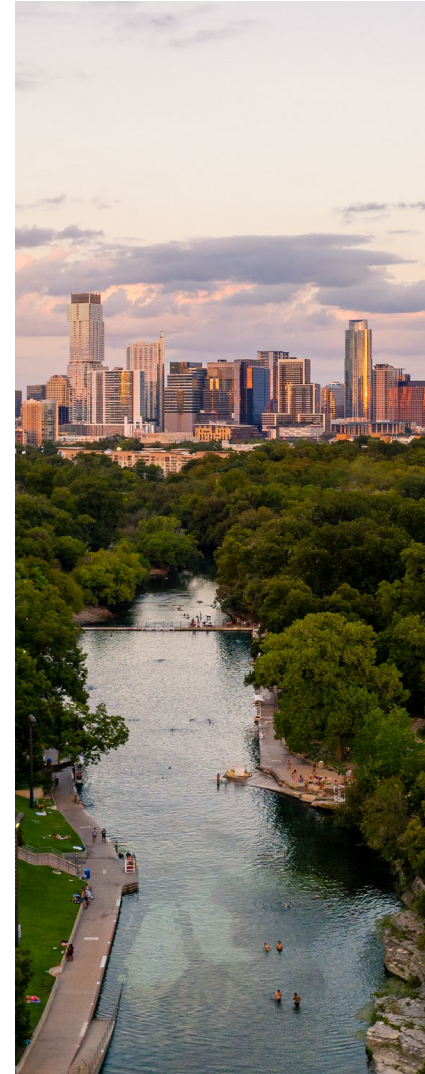




AMERICAN RESCUE PLAN ACT UPDATE

100% of funds are encumbered or expended

- \$188.5 million in one-time funding must be expended by December 31, 2026
 - \$32 million encumbered and \$156.5 million expended as of March 21, 2025
- 10 programs seeking ongoing funding to sustain the expanded service levels achieved through ARPA funding, with a combined annual operating cost of \$18.1 million
 - No additional operational cost related to ARPA Capital Investments
- Forecast does not reflect continuation of any ARPA-funded services once federal funding is depleted





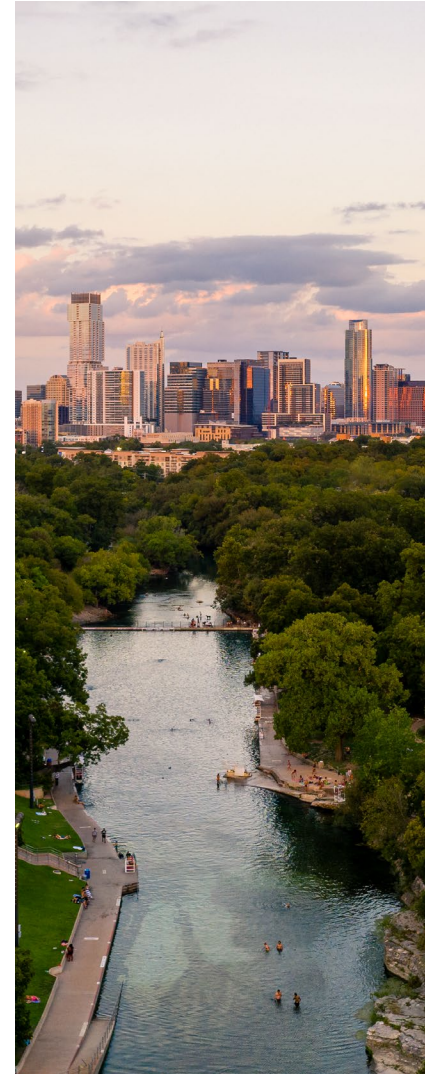
ADDRESSING BUDGET STRUCTURAL IMBALANCE

Longer-term challenges of rising cost drivers and 3.5% revenue cap persist

- Base forecast reflects built-in cost drivers only
- Even at maximum tax rate increase of 3.5%, General Fund imbalance projected at \$79.9 million by FY 2030
- End of Federal stimulus and sales tax contraction have exposed underlying structural imbalance
- Identifying funding for significant service enhancements or new initiatives is highly unlikely given current constraints

Immediate Response:

- Departmental service prioritization process under way across the City
- Scour department budgets to identify additional savings and efficiencies
- Analyze departmental fees for opportunities to increase to full cost-of-service



EIGHT MAJOR ENTERPRISE DEPARTMENTS



AVIATION



AUSTIN
CONVENTION CENTER



AUSTIN
WATER



AUSTIN
ENERGY



TRANSPORTATION
AND PUBLIC WORKS



AUSTIN RESOURCE
RECOVERY



DEVELOPMENT
SERVICES



WATERSHED
PROTECTION

details in the appendix

“TYPICAL” RESIDENTIAL RATEPAYER



City of Austin
**2025-26
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SERVICE OR FEE:	FISCAL YEAR 2024-25 MONTHLY RATE:	FISCAL YEAR 2025-26 FORECAST*:	% INCREASE:	5-YEAR AVG. INCREASE:	TYPICAL RATEPAYER DEFINED AS:
Austin Energy	\$121.96	\$116.27	(4.7%)	6.7%	Residential customer usage of 860 kWh
Austin Water	\$91.20	\$100.15	9.8%	2.5%	Residential customer usage of 5,800 gallons of water and 4,000 gallons wastewater
Austin Resource Recovery	\$33.40	\$34.70	3.9%	6.0%	Residential customer using a 64-gallon cart
Clean Community Fee	\$10.15	\$10.50	3.4%	2.5%	Per single-family home
Transportation User Fee	\$19.74	\$21.52	9.0%	9.1%	Per single-family home
Drainage Utility Fee	\$13.38	\$13.94	4.2%	2.5%	Residential customer with 3,100 sq. ft./37% of impervious cover
TOTAL YEARLY IMPACT:	\$289.83	\$297.08	2.5%	5.0%	

**does not include rate increases necessary to fund prospective service enhancements*

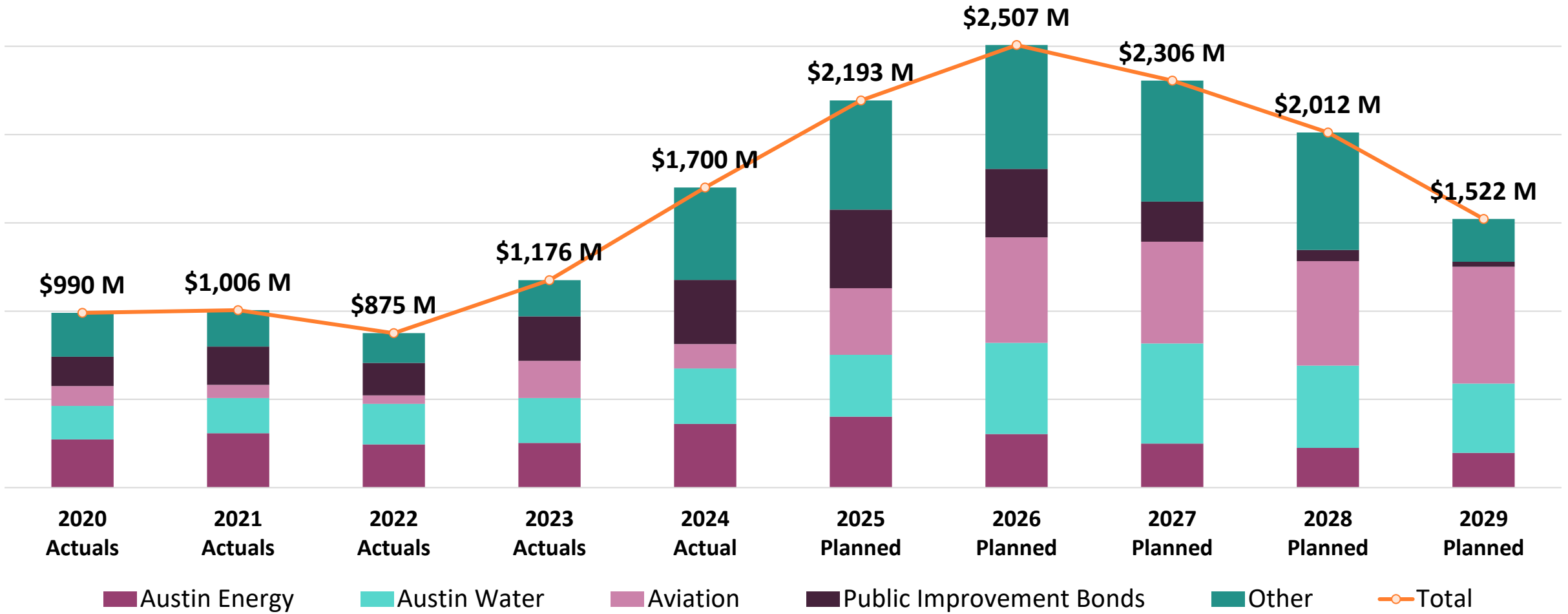


CAPITAL IMPROVEMENT PROGRAM (CIP) HIGHLIGHTS

CIP SPENDING OVERVIEW



City of Austin
**2025-26
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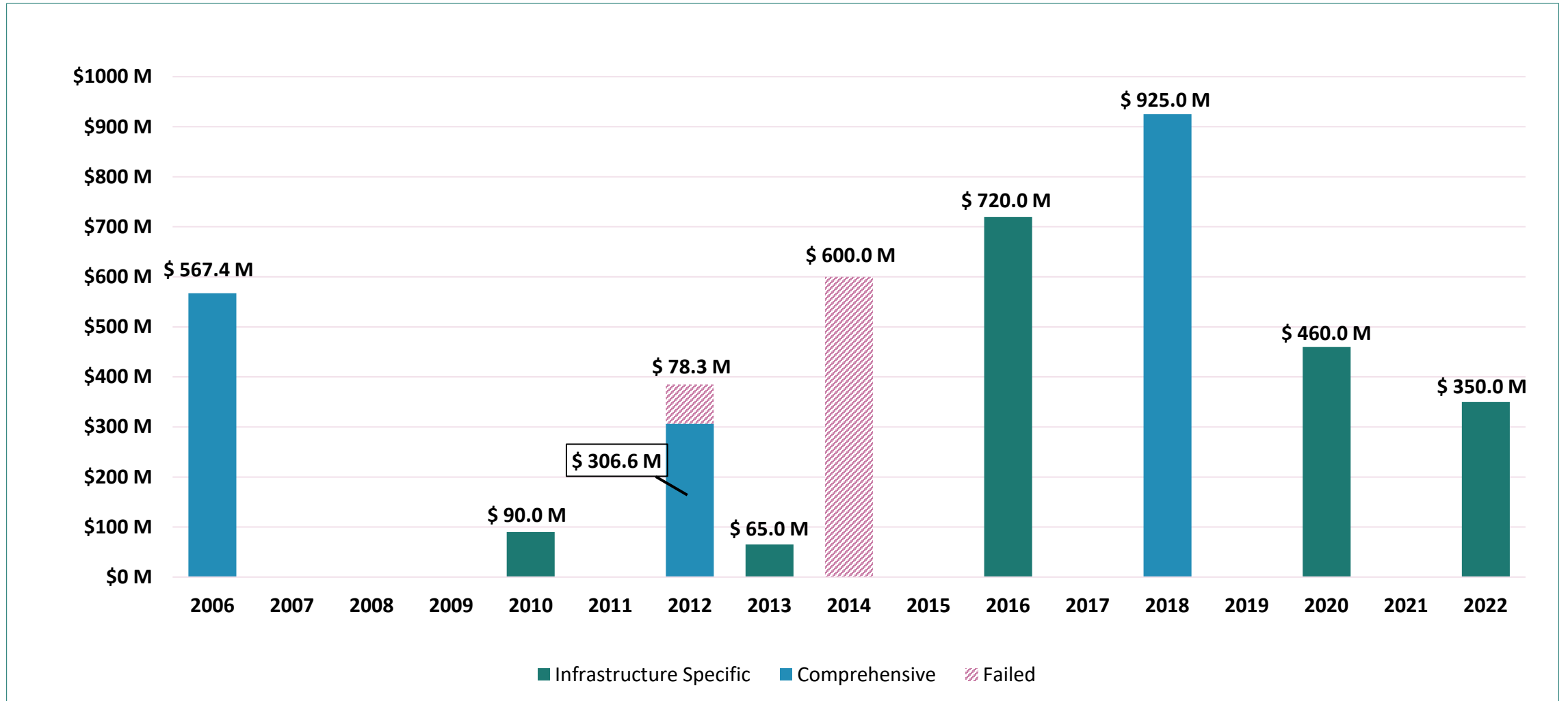


PUBLIC IMPROVEMENT BONDS (PIBS)



City of Austin
**2025-26
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2006 - 2022 VOTING HISTORY

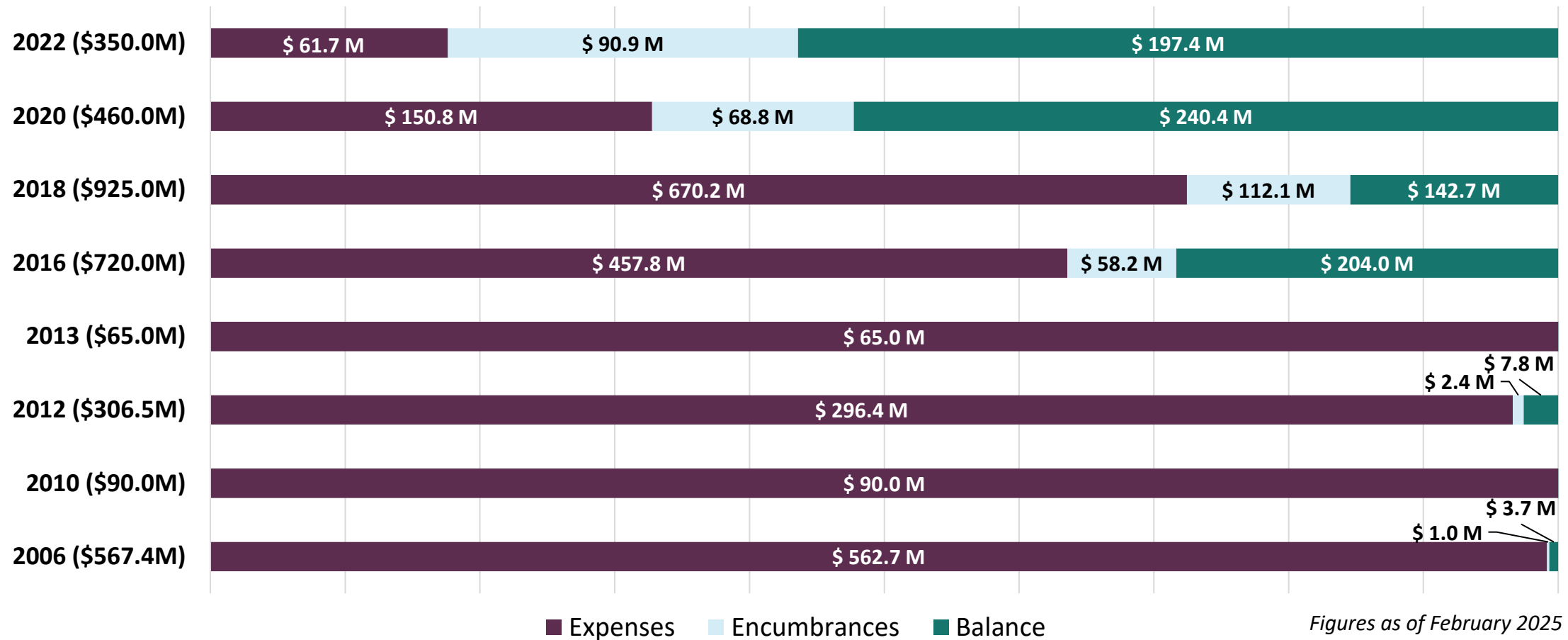


PUBLIC IMPROVEMENT BONDS (PIBS)



AGGREGATE BALANCE STATUS BY ELECTION YEAR (2006-2022)

Total Authorized but Unissued Public Improvement Bonds: **\$1.38 Billion**



Figures as of February 2025



COUNCIL PRIORITIES

UNFUNDED COUNCIL PRIORITIES



City of Austin
**2025-26
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- 41 Council resolutions since January 2024 under review for potential fiscal impact
- The General Fund Base Financial Forecast **does not** include funding for these approved IFCs
- Items below are a sample of the full list of IFCs

ITEM DESCRIPTION:

RESOLUTION NO.

Investigate ways to preserve accessible, inclusive, open-to-the-public events and Citywide traditions, and identify opportunities for the City to support community events, including a free annual summer concert series.

20240215-023

Develop and expand community land trusts as a method to increase long-term affordable housing.

20240404-067

Conduct a feasibility study to determine potential properties that can host an LGBTQIA+ community center and establish a task force to lead this initiative.

20240814-022

Develop a multi-year plan for applying the City's Living Wage requirements to future solicitations for social services.

20240814-025

Identify funding to keep the Marshalling Yard Emergency Shelter (Marshalling Yard) open to serve individuals experiencing homelessness until an alternative emergency shelter is identified and operational.

20240926-072

Establish the Downtown Austin Strategic Initiative to track, coordinate, and identify any additional funding needed for all projects impacting downtown Austin, focusing on mobility and infrastructure, music and arts, cultural and historical assets, workforce development, public safety, homelessness, and parks and greenspace.

20250213-031

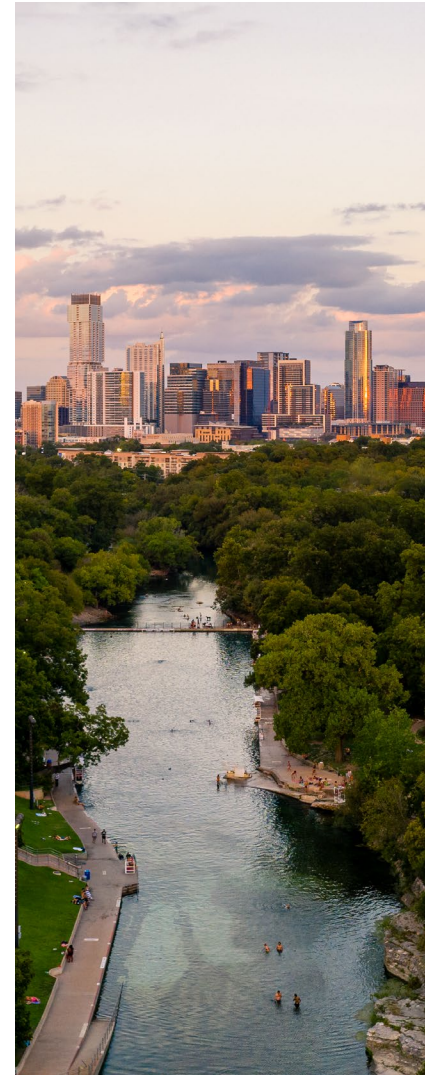
Note: a complete list of the IFCs included in the Financial Forecast Report

UNFUNDED COUNCIL AMENDMENTS FROM FY25



City of Austin
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- 15 Council amendments from FY25 Budget adoption require further funding consideration if there is a desire to maintain FY25 service levels
- Total FY25 funding was \$12.5 million
- The General Fund Base Financial Forecast ***does not*** include ongoing funding for these items



QUESTIONS?



City of Austin
**2025-26
BUDGET**

For more information on Financial Services and the Budget: austintexas.gov/budget

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Art Featured:

La Mujer is a mosaic mural created by participants in the Emma S. Barrientos Mexican American Cultural Center's (MACC) **Caminos teen leadership** program, under the guidance of local muralist **J Muzacz** and Caminos coordinator Frederico Geib. This permanent outdoor artwork is located at the Southeast corner of the MACC.

Iconic role models featured in the mural include Selena Quintanilla, Dolores Huerta, and Emma Barrientos. The mural celebrates their courage and success as trailblazers in art, music, and dance as well as their dual roles of activists, mothers, and community leaders.