

FY 2026 Proposed Budget

City Council Work Session

August 19, 2025



Bradley Ford – City Manager
Blu Kostelich – ACM/CFO
Collin Boothe – Managing Director of Finance

Agenda

- FY 2026 Fund Summaries
- Operational Efficiency Efforts
 - Parks Service Impacts
 - Libraries & Cultural Enrichment Service Impacts
- Budget Adoption Calendar
- Conclusion, Discussion, and Guidance

FY 2026 Executive Overview

FY 2026 Comprehensive Operational Fund Summary

Comprehensive Revenues

	Actual FY 2021-22	Actual FY 2022-23	Actual FY 2023-24	Projected FY 2024-25	Budget FY 2024-25	Budget FY 2025-26	\$ Change From Budget	% Change From Budget
General Fund								
Property Taxes	\$ 73,155,490	\$ 77,341,587	\$ 87,113,231	\$ 91,796,026	\$ 91,730,000	\$ 90,485,476	\$ (1,244,524)	-1.4%
Sales Taxes	54,078,904	55,744,974	56,850,723	59,487,201	56,500,000	60,430,075	3,930,075	7.0%
Franchise Fees	10,584,741	10,181,031	9,155,739	9,535,987	10,850,000	9,561,159	(1,288,841)	-11.9%
COW PILOT/GR	11,116,489	11,871,311	12,487,221	13,874,434	14,014,713	14,272,839	258,126	1.8%
Charges for Services	1,693,761	1,976,152	1,144,846	1,237,597	998,669	1,465,986	467,317	46.8%
Interdepartmental Billing	849,035	887,705	-	844,670	-	1,401,366	1,401,366	0.0%
License & Permits	3,123,178	3,337,109	2,897,059	3,079,626	3,253,700	3,136,042	(117,658)	-3.6%
Intergovernmental	2,380,721	2,760,165	2,573,743	3,063,271	2,449,949	2,893,074	443,125	18.1%
Fees & Fines	1,473,560	1,464,822	1,451,978	1,395,744	1,677,500	1,425,530	(251,970)	-15.0%
Interest	2,123	7,204,569	10,404,124	6,389,328	4,000,000	6,220,946	2,220,946	55.5%
Other Revenue	16,767,104	17,593,632	17,415,151	16,591,519	16,984,974	16,606,349	(378,625)	-2.2%
Transfer from Surplus	3,420,000	-	-	-	14,615,485	2,306,891	(12,308,594)	-84.2%
Transfers In	110,000	50,000	50,000	50,000	50,000	50,000	-	0.0%
Total General Fund	\$ 178,755,105	\$ 190,413,056	\$ 201,543,813	\$ 207,345,403	\$ 217,124,990	\$ 210,255,733	\$ (6,869,257)	-3.2%
Cable PEG	231,888	203,637	311,473	170,538	260,000	229,249	(30,751)	-11.8%
Economic Development	-	28,704	-	-	-	-	-	0.0%
Economic Development Incentive	3,037,532	4,148,331	4,000,383	4,300,000	4,340,000	4,825,000	485,000	11.2%
Total General Services	\$ 182,024,526	\$ 194,793,728	\$ 205,855,669	\$ 211,815,941	\$ 221,724,990	\$ 215,309,982	\$ (6,415,008)	-2.9%
Enterprise Funds								
Water-Wastewater-WMARSS	\$ 132,557,238	\$ 139,607,124	\$ 160,706,230	\$ 148,636,862	\$ 158,786,325	\$ 147,521,015	\$ (11,265,310)	-7.1%
Solid Waste	27,473,669	33,171,332	34,552,698	33,743,074	37,871,198	35,287,280	(2,583,918)	-6.8%
Waco Transit	9,199,546	10,736,449	9,453,743	9,483,614	11,619,961	12,882,875	1,262,914	10.9%
DMO	7,425,111	8,637,392	9,933,631	8,735,820	9,322,382	5,781,744	(3,540,638)	-38.0%
Drainage	12,679,896	8,018,267	9,611,000	9,379,309	16,509,391	8,107,601	(8,401,790)	-50.9%
Zoo	5,789,427	7,979,198	10,411,079	10,925,558	9,466,573	8,430,706	(1,035,867)	-10.9%
Other Enterprise	7,279,207	8,528,870	7,316,406	7,217,462	7,431,047	7,378,470	(52,577)	-0.7%
Total Enterprise Funds	\$ 202,404,094	\$ 216,678,633	\$ 241,984,787	\$ 228,121,699	\$ 251,006,877	\$ 225,389,691	\$ (25,617,186)	-10.2%
Internal Service Funds	\$ 27,198,906	\$ 43,835,907	\$ 53,788,113	\$ 56,497,938	\$ 46,251,112	\$ 66,976,670	\$ 20,725,558	44.8%
Special Revenue Funds	7,893,262	12,976,742	38,969,622	34,886,005	32,080,936	51,062,443	18,981,507	59.2%
Debt Service Funds	52,630,171	58,981,332	80,032,102	83,277,637	80,584,545	89,443,390	8,858,845	11.0%
Capital Funds	23,422,103	12,513,731	5,060,244	5,101,106	2,828,445	4,267,494	1,439,049	50.9%
Total Funding	\$ 495,573,061	\$ 539,780,073	\$ 625,690,537	\$ 619,700,326	\$ 634,476,904	\$ 652,449,670	\$ 17,972,766	2.8%

FY 2026 Comprehensive Operational Fund Summary

Comprehensive Expenses

	Actual FY 2021-22	Actual FY 2022-23	Actual FY 2023-24	Projected FY 2024-25	Budget FY 2024-25	Budget FY 2025-26	\$ Change From Budget	% Change From Budget
General Fund								
Salaries and Wages	\$ 74,717,107	\$ 80,045,547	\$ 78,269,084	\$ 88,584,610	\$ 87,146,442	\$ 94,332,452	\$ 7,186,010	8.2%
Employee Benefits	27,015,337	30,601,817	32,162,187	33,848,599	33,849,425	39,221,534	5,372,109	15.9%
Professional/Technical Services	9,274,981	13,488,261	14,021,202	12,204,088	12,949,259	12,026,482	(922,777)	-7.1%
Purchased Property Services	4,280,887	2,120,022	1,930,299	1,659,974	1,734,635	1,733,104	(1,531)	-0.1%
Maintenance	9,644,343	5,935,588	6,070,989	6,714,969	5,685,231	5,321,432	(363,799)	-6.4%
Other Purchased Services	4,585,846	4,509,450	5,262,041	3,213,284	5,403,452	4,269,877	(1,133,575)	-21.0%
Supplies	8,403,079	9,736,695	7,791,919	8,713,017	8,613,843	8,579,441	(34,402)	-0.4%
Other Operating Expenses	896,337	910,745	733,770	1,138,792	3,660,369	706,891	(2,953,478)	-80.7%
Contracts with Other	3,266,958	2,802,747	4,461,394	7,249,728	5,363,924	3,434,645	(1,929,279)	-36.0%
Interdepartmental Billings	331	2,324	31,107	24,750	4,754	-	(4,754)	-100.0%
Capital Expenditures	2,238,258	3,727,271	1,120,561	1,539,447	1,540,395	446,432	(1,093,963)	-71.0%
Transfers Out	30,101,876	30,896,608	48,175,763	58,988,746	58,519,054	40,183,443	(18,335,611)	-31.3%
Contingency	-	-	-	-	-	-	-	0.0%
Total General Fund	\$ 174,425,339	\$ 184,777,076	\$ 200,030,316	\$ 223,880,004	\$ 224,470,784	\$ 210,255,733	\$ (14,215,051)	-6.3%
Cable PEG	63,439	96,332	108,464	35,633	116,550	38,500	(78,050)	-67.0%
Economic Development	-	1,937,303	1,193,452	2,969,852	4,764,352	421,129	(4,343,223)	-91.2%
Economic Development Incentive	4,542,302	875,000	1,625,198	2,750,000	2,000,000	4,825,000	2,825,000	141.3%
Total General Services	\$ 179,031,080	\$ 187,685,711	\$ 202,957,430	\$ 229,635,489	\$ 231,351,686	\$ 215,540,362	\$ (15,811,324)	-6.8%
Enterprise Funds								
Water-Wastewater-WMARSS	\$ 128,362,199	\$ 101,721,028	\$ 106,085,414	\$ 152,565,208	\$ 156,349,463	\$ 142,202,556	\$ (14,146,907)	-9.0%
Solid Waste	25,371,453	27,496,272	11,140,795	41,315,760	42,145,885	39,814,872	(2,331,013)	-5.5%
Waco Transit	9,249,760	9,756,383	10,559,066	10,429,806	10,830,613	11,977,756	1,147,143	10.6%
DMO	7,175,479	7,639,042	9,616,482	8,632,829	9,449,356	5,781,744	(3,667,612)	-38.8%
Drainage	3,326,022	5,465,814	241,620	9,252,097	15,651,015	10,340,943	(5,310,072)	-33.9%
Zoo	7,348,857	2,222,251	(10,885,828)	8,414,809	8,965,124	8,430,706	(534,418)	-6.0%
Other Enterprise	10,427,380	4,630,706	8,636,064	7,551,132	7,149,108	7,570,217	421,109	5.9%
Total Enterprise Funds	\$ 191,261,151	\$ 158,931,496	\$ 135,393,614	\$ 238,161,641	\$ 250,540,565	\$ 226,118,794	\$ (24,421,771)	-9.7%
Internal Service Funds	\$ 28,628,392	\$ 39,750,238	\$ 44,433,394	\$ 47,270,208	\$ 44,565,042	\$ 66,874,411	\$ 22,309,369	50.1%
Special Revenue Funds	6,373,325	7,533,976	29,928,207	32,194,230	35,070,359	48,827,669	13,757,310	39.2%
Debt Service Funds	53,478,159	59,973,525	80,440,759	81,754,806	80,079,054	88,678,492	8,599,438	10.7%
Capital Funds	10,669,128	7,458,644	10,454,452	11,315,387	7,420,184	3,760,000	(3,660,184)	-49.3%
Total Funding	\$ 469,441,235	\$ 461,333,589	\$ 503,607,857	\$ 640,331,761	\$ 649,026,889	\$ 649,799,728	\$ 772,839	0.1%

FY 2026 Proposed Budget

Taxpayer Impact Statement

Service or Fee	FY 2025	FY 2026 Proposed Rate	FY25 to FY26 Proposed Annual Change	FY26 No New Revenue (NNR)	FY25 vs FY26 NNR Annual Change	Typical Ratepayer Defined as:
Water	\$ 568.44	\$ 584.52	\$ 16.08	\$ 584.52	\$ 16.08	Average consumer of 8K gallons
Wastewater	714.84	741.96	27.12	741.96	27.12	Average consumer of 5K gallons
Solid Waste	246.24	263.16	16.92	263.16	16.92	Residential Customer with base service
Drainage	78.60	66.60	(12.00)	66.60	(12.00)	Residential customers with 1 Equivalent Residential Unit
Street Maintenance	24.00	48.00	24.00	48.00	24.00	Residential Rate of \$4 per month
Property Tax Bill	1,446.19	1,508.27	62.08	1,479.27	33.08	FY26 proposed rate: \$0.755000 cents per \$100 valuation FY 26 NNR tax rate: \$0.740487 cents per \$100 valuation
Total Annual Impact	\$ 3,078.31	\$ 3,212.51	\$ 134.20	\$ 3,183.51	\$ 105.20	Combined projected increase of 4.4% or \$0.37 per day

The average residential monthly combined utility bill for FY26 totals \$142.02 per month. In FY25, the total monthly bill was \$136.41 - inflation adjusted to \$140.81.

Where Do My Tax Dollars Go?

\$111.53



Investment into Cultural & Recreational activities

\$340.61



To pay existing debt obligations

\$621.79



Invested in Waco Fire and Police

\$14.55

Contributions to Outside Agencies

\$31.22



Economic Development Investment



\$99.46

Street Work Investment



\$45.66

Housing & Community Development



\$90.31

General Governmental Departments



\$73.20

Other Public Safety Depts



\$40.99

Public Works Funding



\$38.95

Administrative Departments

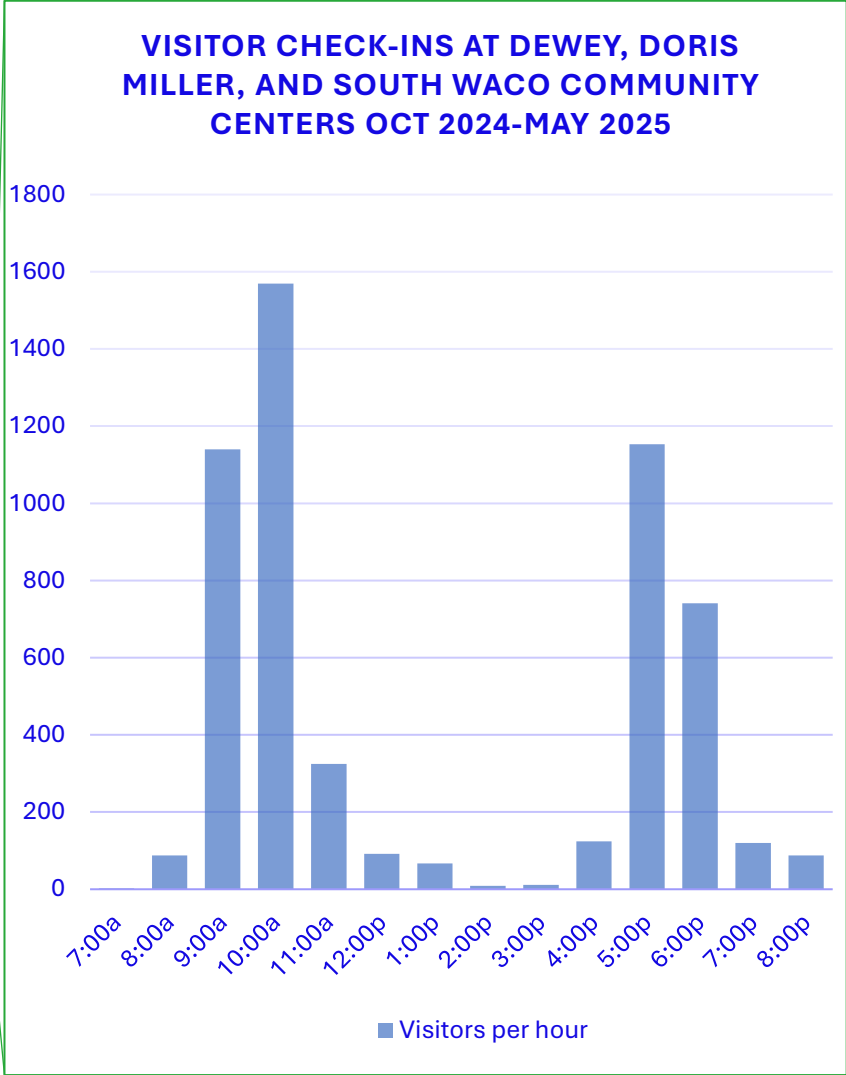


FY 2026 Rightsizing Community Services

Parks Service Impacts

Recommended Reductions for Parks and Recreation: \$1,180,149

• Position elimination based off current vacancies	\$434,000
• Development Program Manager	
• Development Inspector	
• Beautification, Arts and Cultural Manager	
• Recreation Lead	
• Seasonal Athletic Recreation Aides (2)	
• Beautification, Arts and Culture programming changes	\$237,073
• Decrease of temporary staffing services	\$50,000
• Reduction of event entertainment / production	\$46,500
• Discontinuation of park ranger horse program	\$30,000
• Reduction in summer camp field trip schedule	\$30,000
• Reduction of travel and training	\$22,000
• Reduction of community center hours of operation	\$16,000
• Staffing adjustments for umpires and officials	\$15,000



Library Adjustment of Hours

Fiscal Year 2025-2026

Current Schedule

Current Schedule								
	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Total
Central Library	10-9 PM	10-9 PM	10-9 PM	10-6 PM	10-6 PM	10-6 PM	1-5 PM	61
West Waco Library	10-9 PM	10-6 PM	10-6 PM	10-9 PM	10-6 PM	10-6 PM		54
East Library	10-6 PM	10-6 PM	10-6 PM	10-9 PM	10-6 PM	10-6 PM		51
South Library	10-6 PM	10-9 PM	10-6 PM	10-6 PM	10-6 PM	10-6 PM		51

217

Proposed Schedule

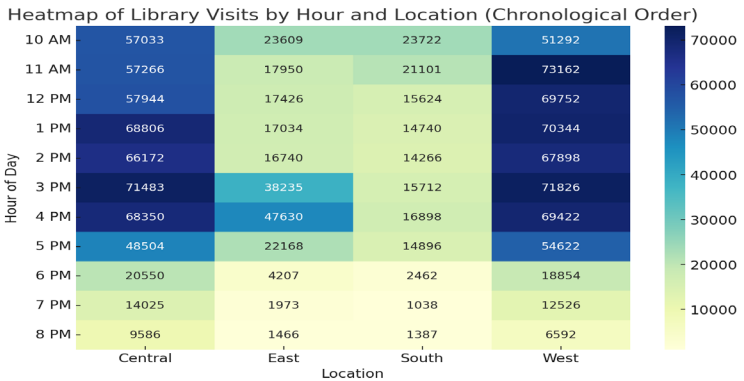
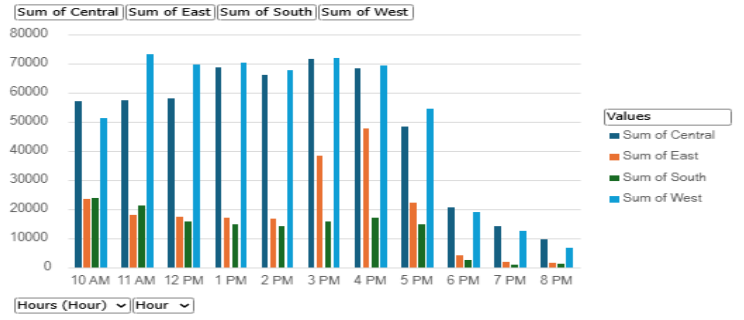
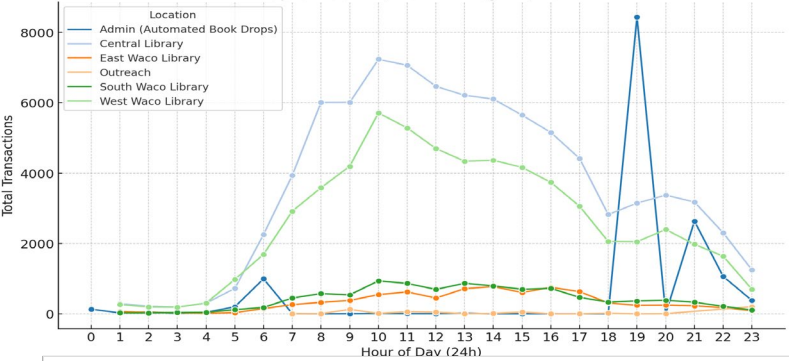
Proposed New Schedule A								
	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Total
Central Library	10-8 PM	10-8 PM	10-8 PM	10-6 PM	10-6 PM	10-6 PM	1-5 PM	58
West Waco Library	10-8 PM	10-6 PM	10-6 PM	10-8 PM	10-6 PM	10-6 PM		52
East Library	10-6 PM	10-6 PM	10-6 PM	10-8 PM	10-6 PM	10-6 PM		50
South Library	10-6 PM	10-8 PM	10-6 PM	10-6 PM	10-6 PM	10-6 PM		50

210

Systemwide Hours adjusted from 217 Hours to 210 Hours

- Reduction represents closure at 8 PM for all locations
- Door count at all locations is the lowest between 8 PM-9 PM
- Genealogy Center hours adjusted to 42 hours per week

Library Usage by Hour and Location
September 21, 2022 – May 21, 2025



City Council Key Dates

FY2026 Budget Adoption

August



City Council Meeting
Work Session – FY 2026 Budget Presentation



Budget & Audit
Updates Based Upon August 5th Meeting



City Council Meeting
Updates Based Upon August 12th Meeting

September

City Council Meeting
Budget Public Hearing; Budget Adoption; Tax Rate
Hearing; 1st Reading of Tax Rate Ordinance



Special City Council Meeting
2nd Reading of Tax Rate Ordinance



FY 2026 Proposed Budget Summary Highlights

- **Total Budget:** \$649.8 million representing a modest 0.1% increase (\$773,000) over the prior year
- **General Fund:** \$210.3 million balanced budget reflecting a 6.3% reduction (\$14.2 million) through strategic rightsizing
- **Tax Rate:** Maintained at \$0.755000 per \$100 valuation with a 2-cent reallocation from Maintenance & Operations to Interest & Sinking
- **Sales Tax Revenue:** Budgeted consistent with FY25 year-end projections
- **Operational Efficiency:** Base expenditure reductions of \$32+ million achieved through comprehensive process improvements
- **Compensation Strategy:** Year three implementation of negotiated civil service agreements yielding 8.2% combined adjustment; 3.5% General Service Increase for non-civil service personnel
- **Financial Outlook:** Multi-year funding challenges identified for future planning consideration
- **Infrastructure Investment:** \$50+ million dedicated to roads and bridges, reinforcing commitment to core municipal services
- **Capital Program:** \$134.2 million comprehensive improvement plan addressing critical citywide enhancement priorities

Conclusion & Discussion

- The FY26 Proposed Budget demonstrates our commitment to fiscal responsibility, service excellence, and strategic community investment
- Efficiency initiatives led to major cost savings while preserving service quality. Ending reliance on surplus transfers marks a key step toward financial sustainability
- This budget positions the City of Waco for continued growth and prosperity while honoring our commitments to employees, residents, the business community, and visitors
- The balanced approach to tax rates, utility fees, and service investments reflects careful consideration of community needs and financial constraints
- We maintained our focus on core services, Public Safety, Infrastructure, Development Services, Culture and Recreation, Public Health, and Economic Development while investing in infrastructure to support future growth



Thank You