

LEGISTAR ITEM: 8/26/2025

..Title

Consider and take action on an ordinance adopting the Annual Budget for Governmental and Proprietary Funds for Fiscal Year 2026 (Assistant City Manager - CFO)

Background

Pursuant to City Charter and state law, adoption of this ordinance will establish the budget for the 2026 fiscal year. The budget ordinance is based on the proposed budget, as adjusted, and as described in Exhibit A, B and C.

The FY2026 Proposed Budget provided to City Council on July 15, 2025, included \$195,474,604 for operations. The proposed budget included the following:

- Property tax revenue estimated at the no-new-revenue tax rate, which is estimated at \$1 million more than the FY2025 year-end projection for property tax,
- A personnel budget for 756 positions which is a net addition of 10.5 full time equivalent (FTE) positions (8.65 FTE in General Fund, 1 FTE in Utility Fund, and a reduction of -0.15 FTE in the HOT Fund) for the following:
 - (1) Part-time Recreation Specialist for Adaptive Programming and Special Events for Parks Recreation (0.5 FTE),
 - (1) Administrative Assistant for Planning (1.0 FTE),
 - (1) Employee Leave Coordinator for Human Resources (1.0 FTE),
 - (1) Special Investigations Unit (SIU) Police Officer (1.0 FTE),
 - (1) Special Investigations Unit (SIU) Police Sergeant (1.0 FTE),
 - (1) Police Patrol Officer (1.0 FTE),
 - (1) Deputy Fire Marshal (1.0 FTE),
 - (1) Cybersecurity & Network Engineer for Information Technology (1.0 FTE),
 - (1) Part-time EMS Quartermaster (0.5 FTE),
 - (1) Emergency Medical Technician for EMS (1.0 FTE),
 - (1) Paramedic for EMS (1.0 FTE),
 - (-2) Decrease of two part-time Paramedic positions (-1.0 FTE)
 - (1) Meter Technician for Utility Billing (1.0 FTE),
 - (1) 4B Parks Operations Maintenance Crew Leader (1.0 FTE),
 - (1) Part-time Staff Writer transitions to full-time for HOT Fund (0.5 FTE),
 - (-1) Decrease of a full-time Multimedia Specialist split between General (-0.65) and HOT funds (-0.35 FTE),
 - Reclass Lead Animal Tech to Animal Care Crew Leader,
 - Reclass Lead Animal Protection Officer to Animal Protection Crew Leader,
 - Reclass Senior Benefits & Compensation Analyst to Human Resource Program Manager,
 - Reclass 50% of Manager of Community Engagement & Special Projects position from Communications to Project Management,
 - Reclass Administrative Assistant to Senior Administrative Assistant in Streets,
 - Reclass Public Works Supervisor to a Vector and Vegetation Supervisor in Streets,
 - Reclass Engineering Technician to a Senior Engineering Technician in Engineering,
 - Reclass Teen Librarian to a Teen Services Librarian,

- Reclass Administrative Assistant to a Senior Administrative Assistant in Water Production
- Continuation of the reinvestment program,
- Funding for TMRS contribution of 16.05% beginning January 2026 with an additional \$200,000 (\$150,000 from General Fund and \$50,000 from Utility Fund) towards the unfunded liability,
- Compensation increases, including 2% cost of living for civilian employees with a performance-based merit increase of up to 2.5% for civilian employees whose base salary is under \$76,500 and a performance-based merit increase of up to 1.5% for civilian employees whose base salary is over \$76,500,
- Funding \$101,000 (\$61,500 in General Fund and \$39,500 for Utility Fund) to implement recommendations from HR for parity increases in January 2026 for select positions based on market comparisons for general government employees,
- Funding \$41,402 to implement parity increases in January 2026 recommended from HR for select positions based on market comparisons for EMS employees,
- Funding for 3.5% cost of living and STEP raises for civil service employees,
- Funding of \$308,598 (approximately 2%) to implement recommendations from HR for January 2026 increases for Police Officers, Sergeants, and Lieutenant positions based on market comparisons for civil service employees,
- Funding of a 1% increase (\$82,284) to implement a lateral hiring program for Police Officers which compensates officers for time worked at another agency's department,
- Funding for a \$3 per hour increase (from \$5 to \$8 per hour) in premium pay for employees that work any of the 10 recognized City holidays,
- Anticipated increase of \$397,000 in Solid Waste over FY2025 year-end estimate due to increased cost of the service and growth in number of households serviced which is offset with refuse collection revenues,
- funding for 12 new vehicles in FY2026:
 - Three (3) Ford F150 Crew cab trucks (Police Captains),
 - Five (5) Ford Explorers (Police Department),
 - One (1) International diesel Ambulance (EMS),
 - One (1) Chevy Silverado 1500 with equipment storage and equipment (Fire Marshal),
 - One (1) Ford F150 Extended Cab 4x2 (The Ballpark at League City),
 - One (1) Ford Maverick (Utility Billing).
- Funding for three (3) Police Officers included in FY2025 adopted budgeted that were anticipated to be partially grant funded through a COPS hiring grant which are programmed from General Fund as the grant was not awarded
- Funding to increase the volunteer firefighter's stipend pay using a tiered rate schedule (\$310,000),
- Funding for grant application assistance for Engineering (\$15,000),
- Funding for CRS and MS4 Permit Renewals for Engineering (\$15,000),
- Funding for the Planning department to update the Historic Resource Survey (\$25,000),
- Funding for a paid intern for Planning (\$10,765),
- Funding for the Library to purchase two AWE computer learning stations, which are touch-screen devices providing educational content and games that support early literacy, digital

- literacy and STEM education for toddlers up through children aged 12 (\$6,487),
- Funding for Communications to update the City's website to be in compliance with a new ADA law for online documents (\$150,000),
- Funding for Communications to contract a third-party vendor to conduct a Citizen Satisfaction survey. The survey is a random sampling of residents that provides staff and Council with data on how well City services are being provided and where there is the need for improvement. The last survey was conducted in 2023 (\$20,000),
- Funding for a paid internship program (\$25,836),
- Funding for a new Police K-9 to replace the one retired in FY2025 (\$11,500),
- Funding to outfit 13 Police trucks with a DECKED drawer system for secure storage of equipment (\$17,186),
- Funding for pole and window surveillance cameras for Police investigations (\$12,700),
- Funding for subpoena processing fees for Police investigations (\$1,000),
- Funding expert witness testimonies for Police investigations (\$1,500),
- Funding for a Magnet Axion training platform subscription to provide access to a variety of digital forensics training courses for the Police Department (\$6,995),
- Funding for hull maintenance on Marine 1 (purchased February 2013) for the Police Department (\$9,924),
- Funding for noise cancelling headphones for Police Detectives (\$750),
- Funding to establish a crossing guard contract with Dickinson ISD for Bay Colony Elementary school located within League City city limits (\$6,052),
- A transfer to the Police Activities Fund for the Police Department's rifle program (\$21,000),
- Funding for contracted internal audit services (\$40,000),
- Funding for a new grapple bucket for Streets Unit # 858 (\$23,000),
- Funding for a drum mulcher attachment for Streets Units # 867 and 868 (\$26,000),
- Funding for EMS Ambulance Computer Replacements (\$56,796),
- Funding for a new stretcher for EMS (\$39,204),
- Funding for replacement airpaks for the Fire Department (\$39,350),
- Funding to outfit Fire Engine 66 with extrication tools (\$34,410),
- Increased monthly contribution rate for the Fire Department volunteer's pension fund from \$200 to \$250 per member/per month (\$110,000),
- Funding to replace a portion of the City's Knox Box lock cores for the Fire Marshals (\$5,000),
- Funding for project management software to assist the Capital Projects team (\$26,400).
- Utility Fund:
 - Funding \$8 million for the CIP cash funding program, which is a decrease of \$790,000 from FY2025,
 - Increased Utility Fund overhead payment to General Fund for administrative services by \$400,893,

- Increase of \$575,825 in water contract purchases,
- Funding for a payment kiosk at the City Hall drive-thru to allow for 24/7 utility payment processing (\$9,000),
- Funding five additional backflow devices for temporary fire hydrant meters for Utility Billing (\$9,000),
- Funding of two replacement Blue Boxes used to install water meters for Utility Billing (\$1,900),
- Funding two PAX 150 Water Mixers to ensure uniform water quality in ground storage tanks for Water Production (\$52,000),
- Funding for two HACH DR 900 Colorimeter handheld water testing devices for Water Production (\$4,800),
- Funding for fence replacement at South Shore Harbor water station (\$33,000),
- Funding pest control services for Water Production (\$960),
- Funding for Water/Wastewater data management software to replace the current manual process, which will improve efficiency and ensure data integrity through secure audit trails (\$38,750),
- Funding \$715,400 to the City of Houston, as a co-participant of the SEWPP, to adjust the annual payment schedule to the summer, instead of the fall,
- Funding for a concrete slab for the covered awning to house equipment at the Line Repair yard (\$22,173),
- Funding for covered equipment storage bays for Line Repair (\$68,500),
- Funding for valve box lids for Line Repair (\$4,000),
- The Ballpark at League City fund:
 - Funding of \$40,000 for an operations audit to evaluate The Ballpark operations,
 - Funding for replacement of restaurant entrance doors at one restaurant at The Ballpark (\$22,500),
 - Funding for camera and badge reader security updates (\$20,000),
 - Funding for soccer championship shirts and trophies (\$1,500),
 - Funding for event signage (\$5,000),
 - Funding for the second phase of installing shade structures for stands at The Ballpark (\$250,000),
 - Funding for partial replacement plywood lining the outfield for The Ballpark (\$25,000),
 - Funding for a Sub Compact Tractor / Loader / Backhoe for The Ballpark (\$28,000).
- Fire/EMS Donated Fund:
 - Volunteer management liability insurance,
 - City matching funds for a second grant funded Rapid Medical Response UTV (\$23,423).
- Asset Forfeiture Fund: budgeted based on current cash balance for equipment to expand the digital forensic workstation and capability:
 - Monolith Forensics Software (\$5,000),

- Oxygen Forensics Software (\$10,000),
- Cyacomb Software Package (\$3,100),
- Talino Digital Forensic Workstation (\$22,000),
- Talino Forensic Computer (\$5,500),
- Portable Forensic Bridge (\$2,020),
- MacBook Laptop (\$5,300),
- Digital Evidence Lab Furniture (\$30,225),
- Computer Server (\$20,000).
- Police Activities Fund: The rifle program was established in FY2025 as a revolving fund to provide Police Officers with duty rifles. \$50,000 is budgeted for the purchase of 24 rifles as part of the Police Officer rifle program.
- Animal Care Donation Fund:
 - Diagnostic Testing Supplies (\$8,148),
 - Two sets of replacement Body Armor (\$2,610),
 - Commercial Dishwasher to replace current unit (\$7,000),
 - Funding for mosquito pest control (\$1,908).
- Hotel/Motel Occupancy Tax Fund: funding for a digital visitor center kiosk at the Ballpark (\$14,950).
- Public Access Channel Fund: funding for video equipment upgrades (\$15,000), building equipment and furniture (\$55,000), and fiber network connections (\$150,000).
- Tree Preservation Fund: funding for City beautification projects (\$125,000).
- Fire Mitigation Fees Fund:
 - Bunker gear bags for stipend crews (\$4,500),
 - Replacement thermal imagers (\$9,200),
 - Replacement mattresses and covers (\$5,050),
 - Replacement station furniture (\$22,050),
 - Funding for a replacement 60-minute Rapid Intervention Team (RIT) bottle (\$5,500).
- Continued funding in HMGP Disaster Recovery, and Hurricane Harvey funds to invest grant funds as authorized.
- Opioid Abatement Fund: funding of \$110,813 to cover the expense of 2 EMTP positions assigned to the Mental Health Unit that began in FY2025. These positions will assist in mental health emergencies, substance abuse disorders, de-escalation techniques, and crisis intervention.
- Local Youth Diversion Fund: funding for required annual training (\$1,000).

Changes to the Proposed Operating Budget

City Council held a series of work sessions on July 22nd, August 12th and August 26th. As a result of these discussions, the proposed operating budget has been adjusted. The revised appropriation of \$194,511,462 is \$963,142 less than the July 15th proposed budget of \$195,474,604.

Changes Discussed at August 12 Workshop

Exhibit A to the ordinance outlines the operation budget which includes:

General Fund – net decrease of \$1.92 million

- Removal of contract internal audit services (\$40,000)
- Removal of Historic District Survey update (\$25,000)
- Removal of the HR Employee Leave & Claims Coordinator (\$86,531)
- Addition of contracted FMLA, ADA, personal leave & Disability management \$23,400
- Move 3 Police Captain vehicles to Asset Forfeiture fund (\$165,000)
- Reduction in property & windstorm insurances (\$200,000)
- Reduction in transfer to CIP (\$1,175,000)
- Reduction in transfer to Fleet department (\$235,411)
- The following new positions will have a January 1 start date:
 - Recreation Specialist (\$7,317)
 - Planning Administrative Assistant (\$19,406)
 - Part-time EMS Quartermaster (\$6,929)
 - Deputy Fire Marshal (\$31,506)
 - Cybersecurity & Network Engineer (\$31,300)

General Fund Subtotal (\$2,000,000)

Asset Forfeiture Fund – increase of \$165,000

- Move 3 Police Captain vehicles from General Fund \$165,000

Operating Budget Subtotal (\$1,835,000)

Exhibit B to the ordinance outlines the capital budget which includes:

Removal of project DR6 – West Side Master Plan (\$175,000)

8/12 Workshop Total (\$2,010,000)

Other Adjustments After Workshop

General Fund – increase of \$78,908

- Grant funded Rapid Response Medical UTV moved from Volunteer Fire Department Fire Donation fund \$78,908

Utility Fund – increase of \$816,373

- Move GCWA debt payment for WT1502 City of Houston water line replacement from Utility Debt Service Fund \$816,373

Volunteer Fire Department Donation Fund – decrease of \$23,423

- Reduction of Rapid Medical Response UTV (\$23,423)
- Changes After Workshop Total** **\$871,858**

CITYWIDE

	FY2026 PROPOSED BUDGET	8/12 WORKSHOP CHANGES	OTHER ADJUSTMENTS	FY2026 1ST READING BUDGET
OPERATING BUDGET	\$ 195,474,604	\$ (1,835,000)	\$ 871,858	\$ 194,511,462
CAPITAL BUDGET	\$ 329,728,766	\$ (175,000)	\$ -	\$ 329,553,766
GRAND TOTAL	<u>\$ 525,203,370</u>	<u>\$ (2,010,000)</u>	<u>\$ 871,858</u>	<u>\$ 524,065,228</u>

Changes to Revenue

General Fund

- Property Tax Reduction (\$2,000,000)
- Reimbursement for Rapid Response Medical UTV from school district \$23,423

Utility Fund

- Water CRF funds to pay for GCWA debt payment for WT1502 City of Houston water line replacement \$816,373

Fleet Department

- Reduction of FY2026 funding from General Fund (\$235,411)

Changes to Fund Totals

GENERAL FUND

	FY2026 PROPOSED BUDGET (JULY)	8/12 WORKSHOP CHANGES	OTHER ADJUSTMENTS	FY2026 1ST READING BUDGET
Revenues	\$ 109,276,821	\$ (2,000,000)	\$ 23,423	\$ 107,300,244
Expenditures	111,867,684	(2,000,000)	78,908	109,946,592
Revenues Over/(Under) Expenditures	(2,590,863)	-	(55,485)	(2,646,348)
Beginning Fund Balance	34,489,855			34,489,855
Ending Fund Balance	\$ 31,898,992			\$ 31,843,507

Excess Days of Working Capital

2.8

3.4

UTILITY FUND

	FY2026			FY2026 1ST
	PROPOSED	8/12	OTHER	READING
	BUDGET	WORKSHOP	ADJUSTMENTS	BUDGET
	(JULY)	CHANGES		
Revenues	\$ 54,023,755	\$ -	\$ 816,373	\$ 54,840,128
Expenditures	53,522,862	-	816,373	54,339,235
Revenues Over/(Under) Expenditures	\$ 500,893	\$ -	\$ -	\$ 500,893
Beginning Fund Balance	\$ 7,848,102		\$ 186,439	\$ 8,034,541
Ending Fund Balance	\$ 8,348,995			\$ 8,535,434
Excess Days of Working Capital		1.6		1.4

ASSET FORFEITURE FUND

	FY2026			FY2026
	PROPOSED	8/12	OTHER	1ST READING
	BUDGET	WORKSHOP	ADJUSTMENTS	BUDGET
	(JULY)	CHANGES		
Revenues	\$ 43,000	\$ -	\$ -	\$ 43,000
Expenditures	103,145	165,000	-	268,145
Revenues Over/(Under) Expenditures	(60,145)	(165,000)	-	(225,145)
Beginning Fund Balance	254,320	191,790		446,110
Ending Fund Balance	\$ 194,175			\$ 220,965

VOLUNTEER FIRE DEPARTMENT DONATION FUND

	FY2026			FY2026
	PROPOSED	8/12	OTHER	1ST READING
	BUDGET	WORKSHOP	ADJUSTMENTS	BUDGET
	(JULY)	CHANGES		
Revenues	\$ 16,000	\$ -	\$ -	\$ 16,000
Expenditures	29,423	-	(23,423)	6,000
Revenues Over/(Under) Expenditures	(13,423)	-	23,423	10,000
Beginning Fund Balance	105,525			105,525
Ending Fund Balance	\$ 92,102			\$ 115,525

FLEET DEPARMENT FUND

	FY2026			FY2026
	PROPOSED	8/12	OTHER	1ST
	BUDGET	WORKSHOP	ADJUSTMENTS	READING
	(JULY)	CHANGES		BUDGET
Revenues	\$ 2,373,051	\$ (235,411)	\$ -	\$ 2,137,640
Expenditures	2,392,791	-	-	2,392,791
Revenues Over/(Under) Expenditures	(19,740)	(235,411)	-	(255,151)
Beginning Fund Balance	1,258,850			1,258,850
Ending Fund Balance	\$ 1,239,110			\$ 1,003,699

Second Reading and approval of the Budget

The 2nd reading is scheduled for September 9th. The Charter requires the budget to be approved by at least ten (10) days before the beginning of the fiscal year, which is September 20th.

ATTACHMENTS

1. Clean Version of Data Sheet
2. Proposed Ordinance with Exhibits A, B and C