



General Fund Budget Forecast for FY 2026 beginning on October 1, 2025

April 29, 2025



CITY OF CORPUS CHRISTI



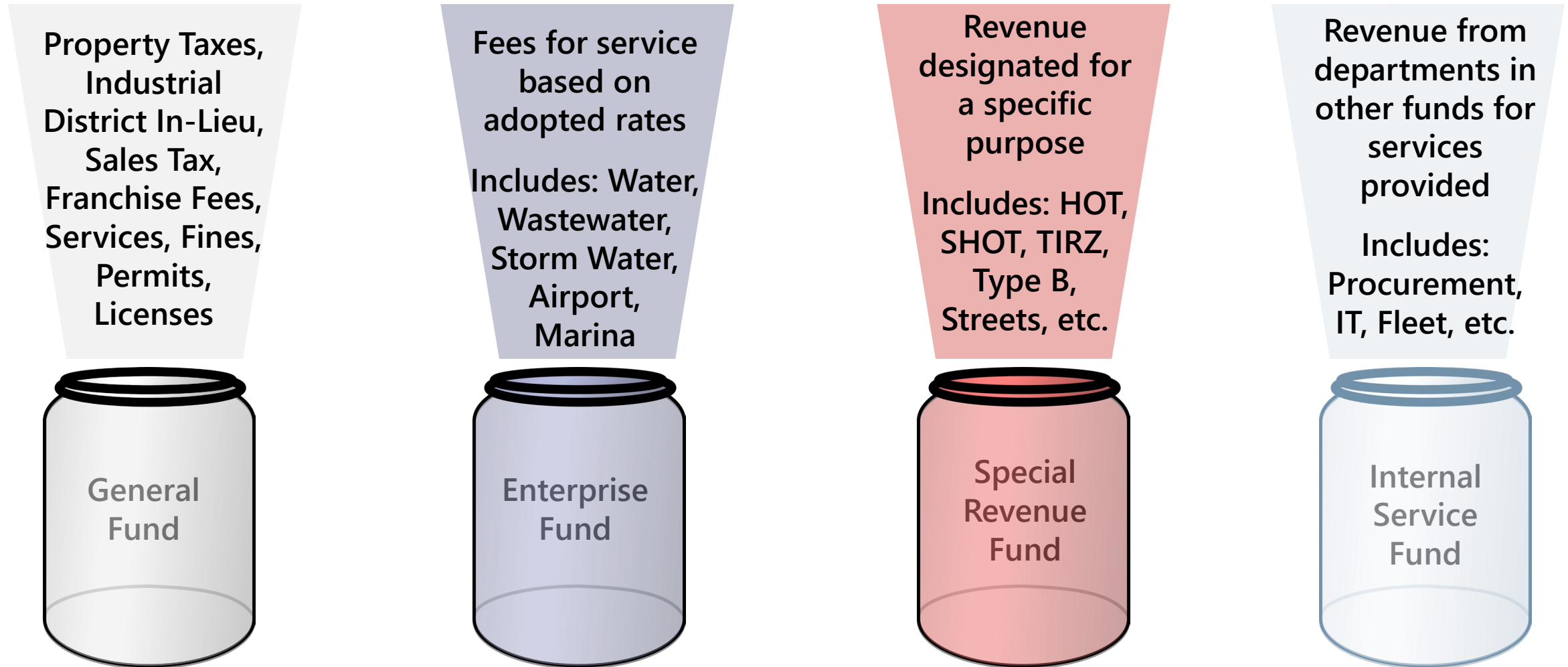
General Fund Budget Overview

Overview of Budget Development Process

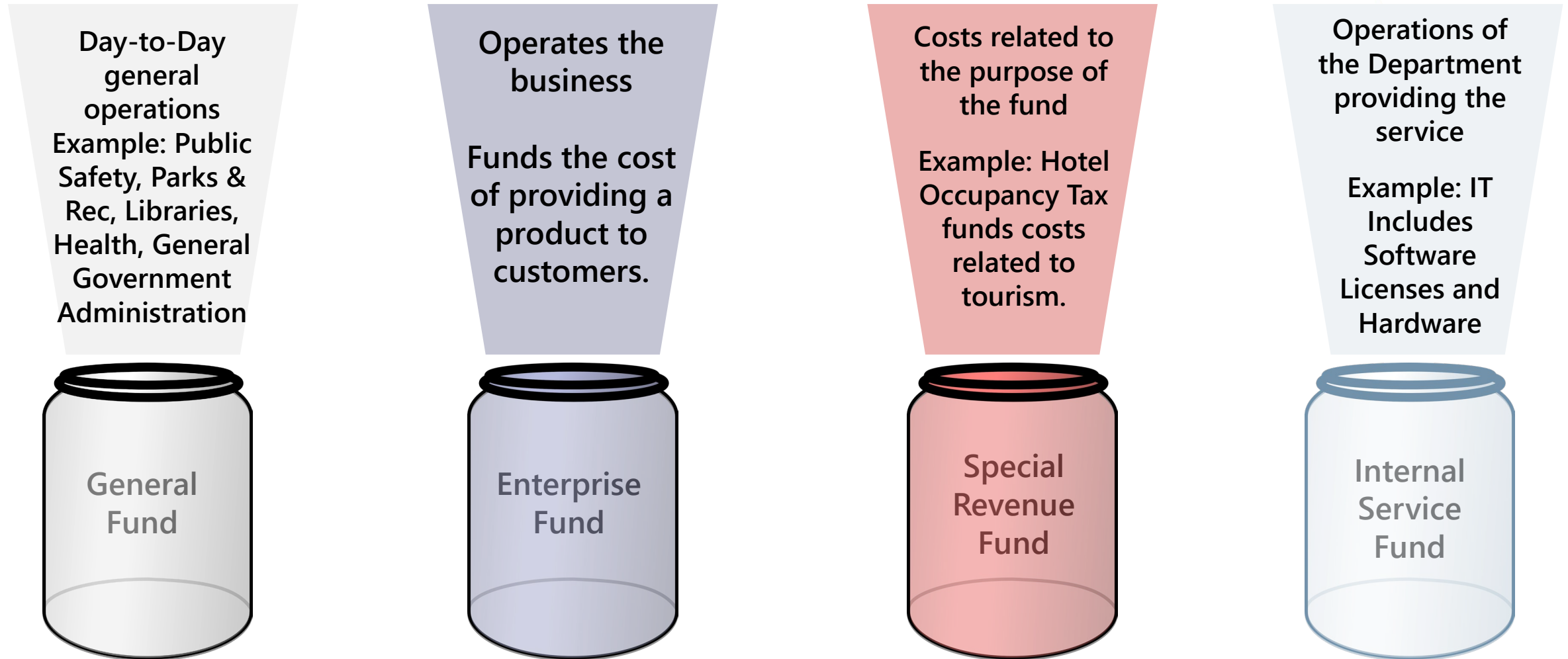


1. Constantly monitor revenues and historical trends
2. Monthly review with City Manager of budget-to-actual by Department
3. Annual Comprehensive Financial Report (prior year)
4. Re-estimate the current fiscal year
5. Consider economic conditions and other factors
6. Develop (and continue to refine) assumptions
7. Identify your starting point (revenues/resources available)
8. Prioritize expenses based on revenues/resources available

City Fund Types – Where do the funds come from?



City Fund Types – How are the funds utilized?



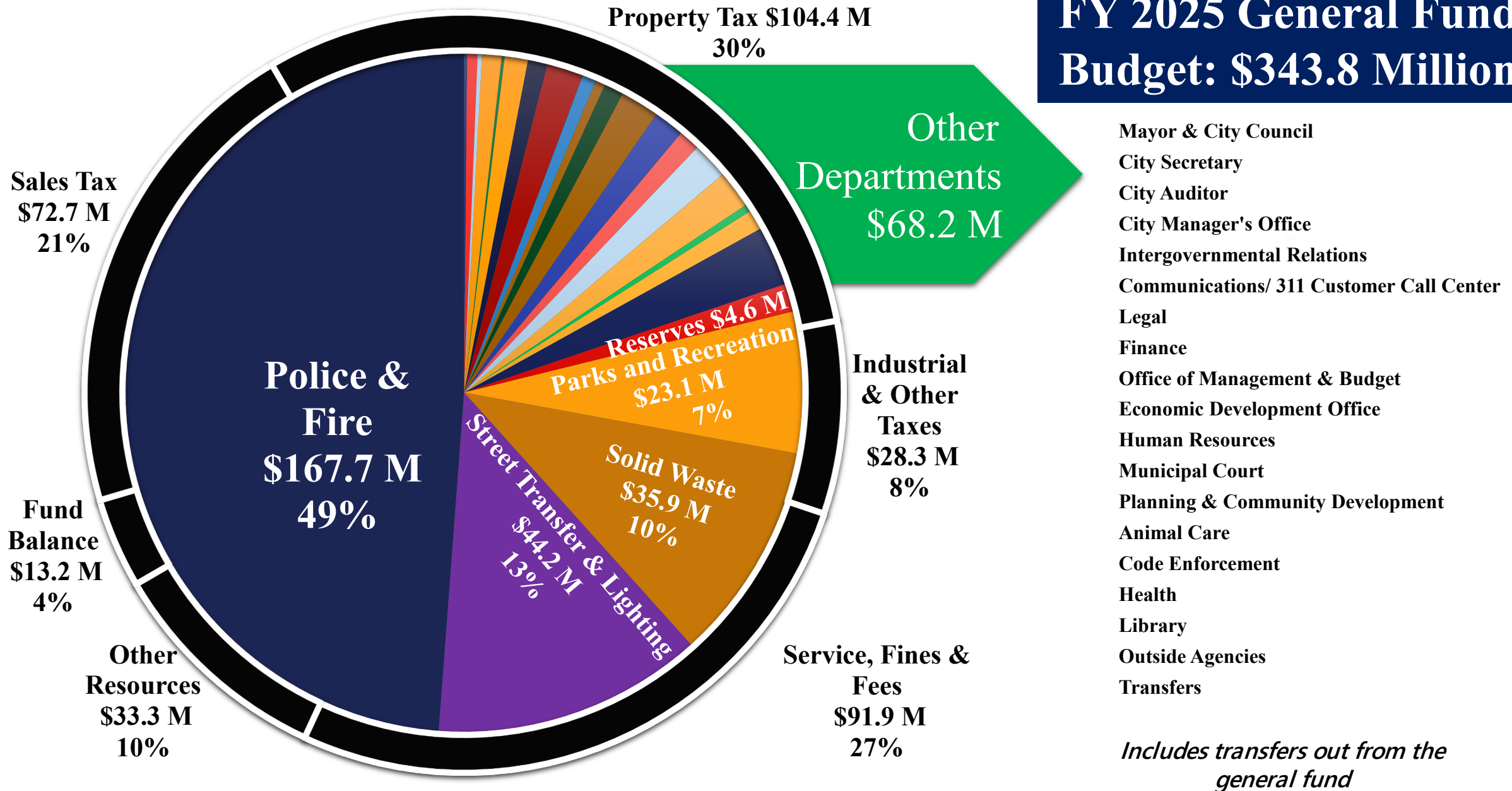
Focus for Today – General Fund



- Revenues
- Fund Balance and Reserves
- Expense Assumptions
- Looking Forward
 - State Legislation
 - Federal Policy



FY 2025 General Fund Budget: \$343.8 Million





Revenues



Property Tax

30%

**Substantial Relief to
Families and Seniors**

	City Tax Rate	Homestead Exemption	Over-65 / Disabled
FY 2023	\$0.620261	10%-\$5,000 Min	\$50,000
FY 2024	\$0.599774	10%-\$5,000 Min	\$50,000
FY 2025	\$0.599774	20%-\$5,000 Min	\$62,500

As a result of the tax relief provided through increased exemptions, the General Fund revenue is reduced by approximately \$12M annually.

*Since 2020 the City
tax rate has
decreased 4.6¢*

Property Valuation Timeline



Property Values are determined by the Chief Appraiser at the Nueces County Appraisal District (NCAD)

January 1 is the Property Value Snapshot (properties are valued at this point in time)

April 1 (single-family residence) and May 1 (all others) Notice of Appraised Value sent

April 30 Preliminary values are typically received

July 25 Certified values due from NCAD

October 1 Nueces County Tax Assessor sends out property tax bills

January 31 Property Tax due

Property Tax: Existing vs. New



The No-New-Revenue tax rate is based on existing property value; it effectively produces the same revenue as last year

M&O property tax revenue is capped at 3.5% increase year over year

- Calculated by taking the No-New-Revenue rate and adding 3.5% to arrive at the Voter-Approval rate



Value of new property is not included in the No-New-Revenue rate calculation

First year's value becomes their base value for future years

- New property added to the roll
- Property purchased in the prior tax year

Property Tax Assumptions FY 2026



1. Assumes 0.5% growth on existing property values
2. Assumes 2.0% growth due to new property values
 - The City has added an average of \$641M in new value annually, or 2% of total certified values (2020-2024 tax years' average)
3. Overall assumption is 2.5% revenue growth over FY 2025

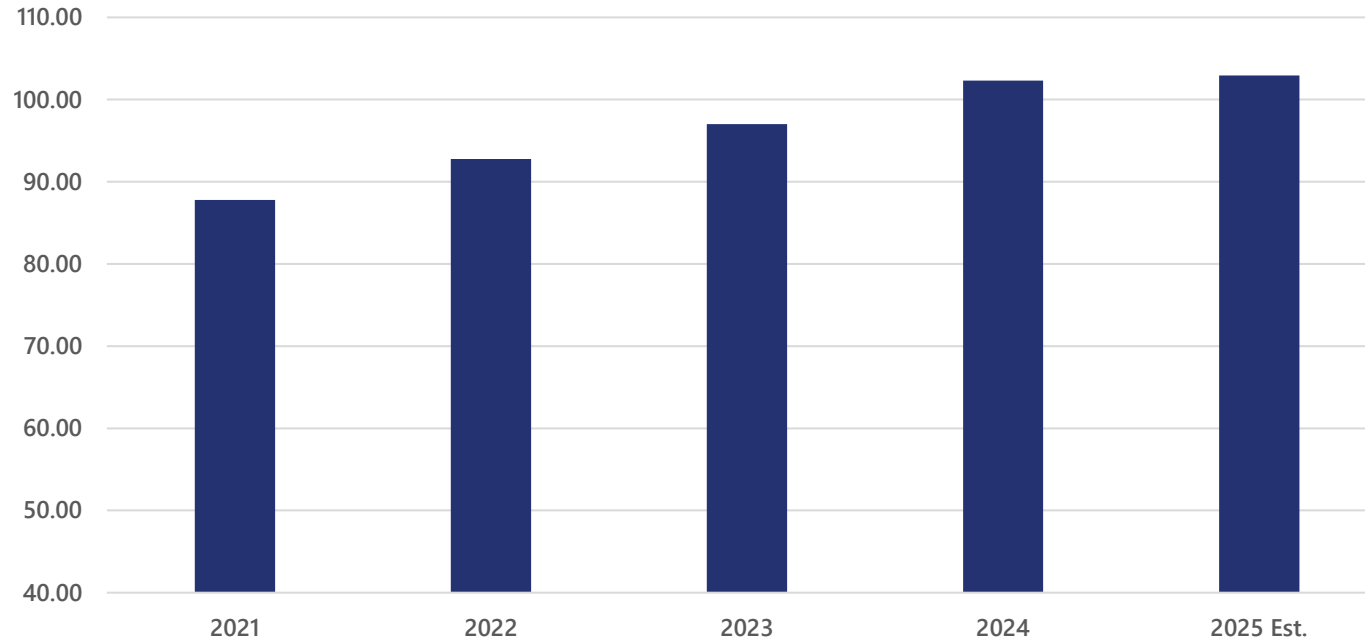
New value offset by:

- Increased exemptions
 - Homestead and Over-65 / Disabled
 - Circuit Breaker
- Properties reclassified from taxable to tax-exempt
 - Corpus Christi Housing Authority purchase of apartments
 - Two Power Plants purchased by CPS

Property Tax Revenue (General Fund)



M&O Property Tax General Fund Revenue (\$ in Millions)



- 6% growth in FY 2022
- 5% growth in FY 2023
- 5% growth in FY 2024
- 1% growth estimated in FY 2025

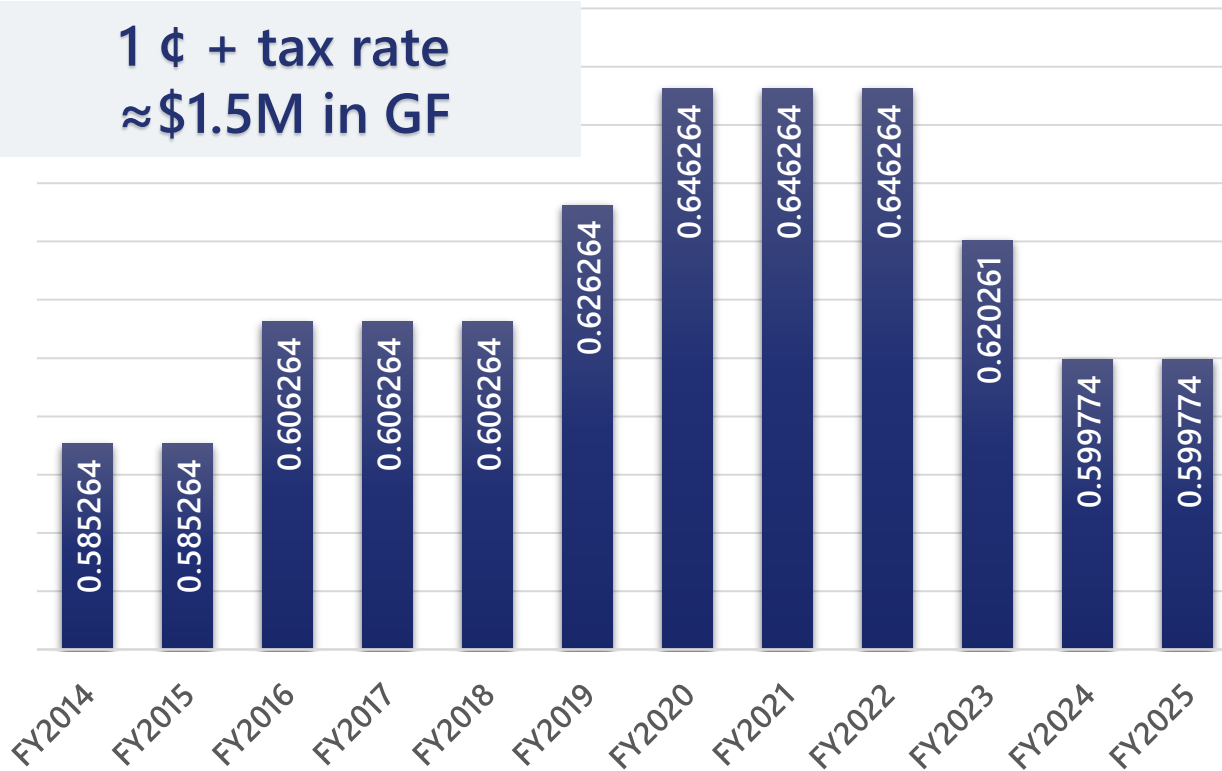
2.5% growth assumed
for FY 2026

Property Tax Rate



Adopted Tax Rate per \$100 Valuation

1 ¢ + tax rate
≈ \$1.5M in GF



Tax rate reduced by \$0.04649 since 2020

FY 2019 – increased tax rate by \$0.02 and dedicated it to Streets

FY 2020 – increased tax rate by \$0.02 and dedicated it to Streets

FY 2024 – tax rate decreased to a rate lower than FY 2018

- FY 2025 Adopted Tax Rate = \$0.599774
 - Highest rate allowable without a vote was \$0.644212 (Voter-Approval rate plus the unused increment of \$0.022957)
 - Revenue foregone by keeping tax rate at \$0.599774 is \$12M

Forecast assumes NO change in the tax rate

Payment In-Lieu of Tax (PILOT) Assumptions



Basic Industrial District Terms were renegotiated in FY 2024 and are effective for FY 2026 collections

- The value of Land is paid at 100%
- The value of Improvements is paid at 62.5% in FY 2025 and will increase to 74.5% in FY 2026.
- New term is 15 years with an anticipated value to the City of \$120M
- 69 IDA participants

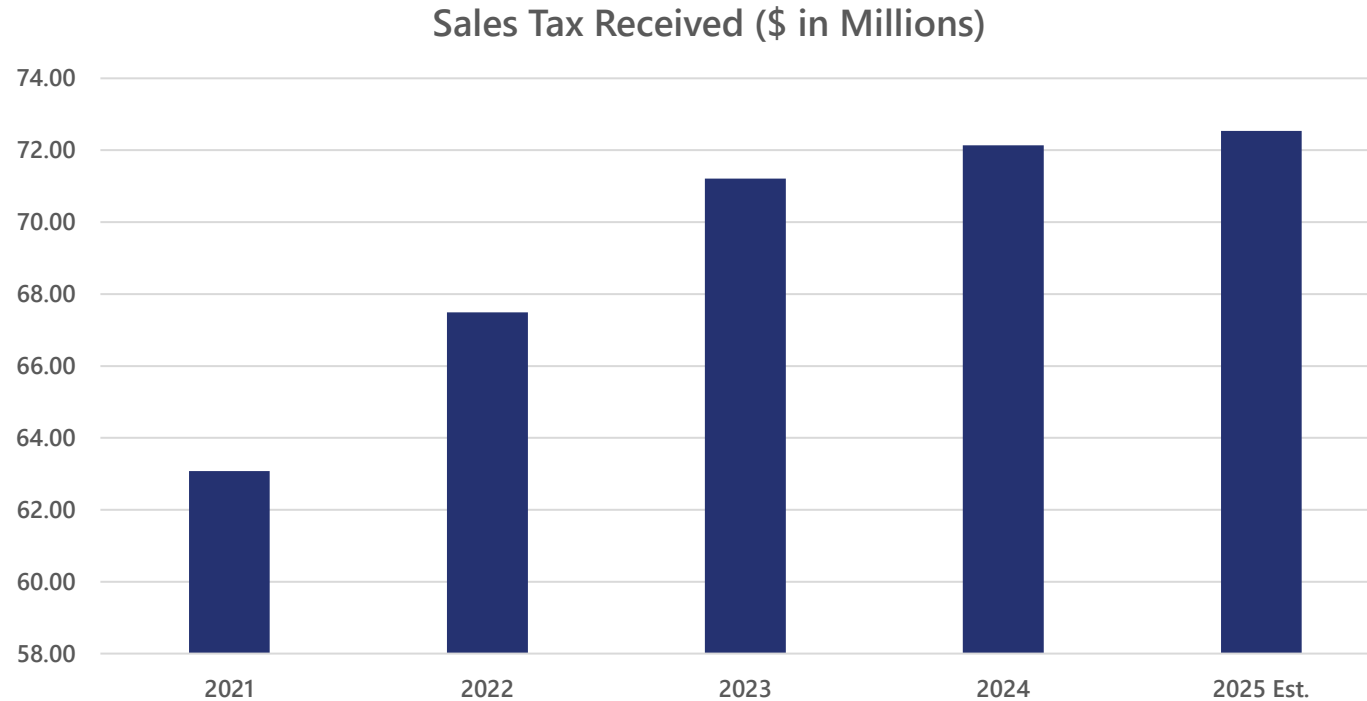
- Estimated revenue for FY 2025 is \$26.7M
- Forecast for FY 2026 is \$35.7M
 - Forecast assumes no property value growth and no tax rate change



General Fund receives 90%
Street Maintenance Fund receives 5%
Residential Street Reconstruction Fund receives 5%

8%

Sales Tax Received by Year



21%

- 7% growth in FY 2022
- 6% growth in FY 2023
- 1% growth in FY 2024
- >1% growth estimated in FY 2025

No growth assumed
for FY 2026



Expenses

Cost Assumptions



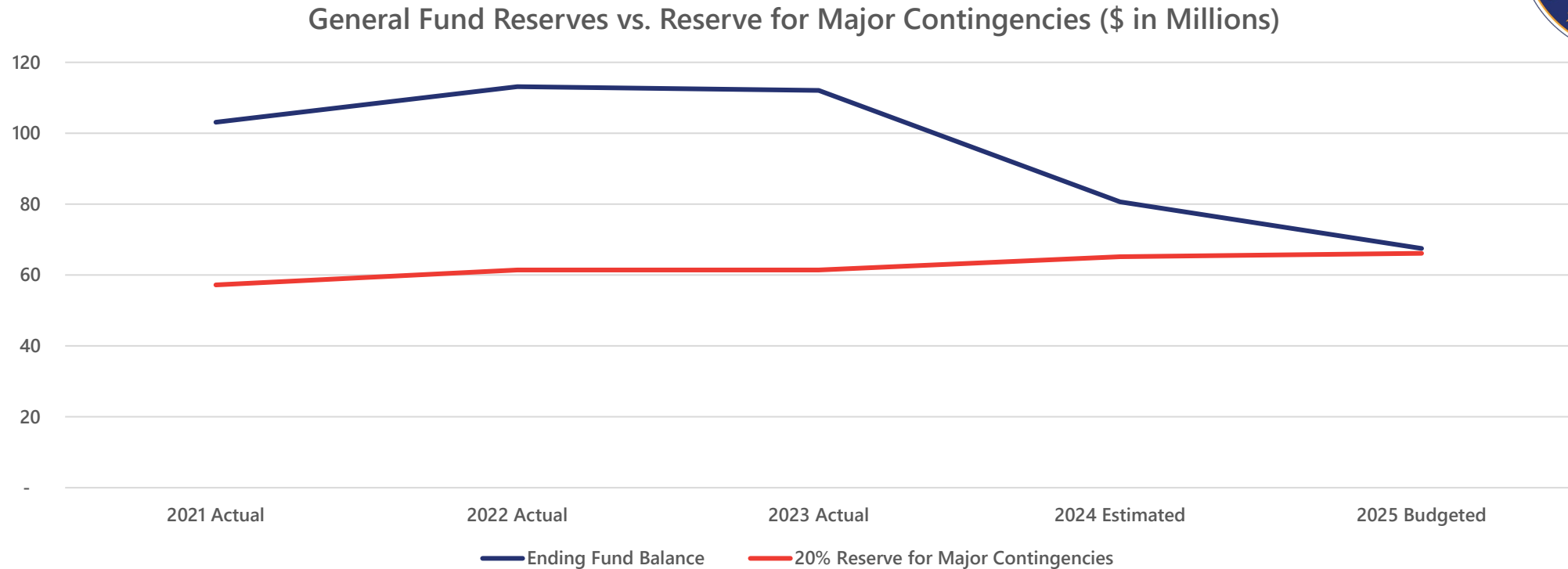
1. No additional funding from the General Fund required to maintain Street funding levels
 - \$4.5M / Yr of new Type B funding for arterials and collectors
 - \$35.0M residential street voter-approved bond funding
2. \$0.9M for Police Collective Bargaining (Year 3 of 4)
3. \$1.5M for Fire Collective Bargaining (Year 2 of 4)
4. \$2.0M for merit increase (3% average) for 3,000 Civilian employees
5. \$13.0M for increase in Health Benefits contributions
6. \$1.5M for 10% increase to commodities and equipment due to inflation
7. Other potential mandated increases for support completed bond programs





Reserves

Change in General Fund Reserves (Fund Balance)



- Budgeted Fund Balance is \$67.5M
 - \$66.1M is to meet Financial Policy requirement of 20% reserve
 - \$1.4M is considered unreserved

- Chart demonstrates planned drawdown utilized for:
 - Streets
 - Public Safety equipment
 - Quality of Life Amenities



Forecast

General Fund Forecast for FY 2026 – Revenues



Revenues (\$ in Millions)	FY24 Actuals	FY25 Estimate	FY26 Forecast
Property Tax	\$ 103.8	\$ 102.9	\$ 105.5
Industrial District	20.5	24.1	32.1
Sales Tax	72.1	72.5	72.6
Franchise Fees	13.9	13.7	13.5
Public Safety	17.6	18.2	19.3
Solid Waste	52.5	47.1	46.5
Interest on Investments	8.7	4.0	4.1
Oil & Gas Leases	3.0	4.0	4.3
TASPP	0.8	0.9	0.9
Other Revenues	31.1	42.1	42.7
Total Revenues \$	\$ 324.0	\$ 329.5	\$ 341.5

General Fund Forecast for FY 2026 – Expenses



Expenses (\$ in Millions)	FY24 Actuals	FY25 Estimate	FY26 Forecast
General Government	\$ 35.1	\$ 33.1	\$ 34.5
Public Safety	167.0	181.0	178.4
Health, Library, Parks, Solid Waste	66.6	69.9	71.6
Transfer to Street & Res Street Fund	46.1	38.2	31.9
Refund IDA	-	-	-
Police CBA	-	-	0.9
Fire CBA	-	-	1.5
Merit Increases	-	-	2.0
Commodities increase 10% (Tariffs)	-	-	1.5
Other Expenses	24.6	30.4	29.4
Total Expenses \$	339.4	\$ 352.6	\$ 351.7

General Fund Forecast for FY 2026



FY26 Forecast	
Beginning Balance (\$ in Millions)	\$ 73.5
Total Revenues	341.5
Total Funds Available	415.0
Total Expenses	351.7
Ending Balance	\$ 63.3
Reserve for contingencies @ 20%	70.3
Unreserved Fund Balance over 20%	(7.0)



Looking Forward



Planning for a Balanced Budget



**Communicate early and often
with City Leadership**

Meetings with departments to review monthly financial reports
Review monthly financial reports with the City Manager and Executive Leadership Team
Provide Quarterly financial updates to City Council



February: asked departments to critically analyze operations for efficiencies and opportunities for savings



March: General Fund and Internal Services Funds tasked with identifying funds equivalent to 10% of their budget by reviewing the following:

Revenues – Are we charging appropriately for services?
Expenses – Are we operating efficiently?
Expenses – Are there programs that are not core services provided to the citizens that we should end?

State Legislation



State Legislation may have a budgetary impact on the City

- HB 19: Limitations related to local debt
- HB 9: Increases exemption for Business Personal Property (BPP) to \$250,000 from \$2,500
- HB 134: Change to sourcing of local sales tax, including destination sourcing in certain situations



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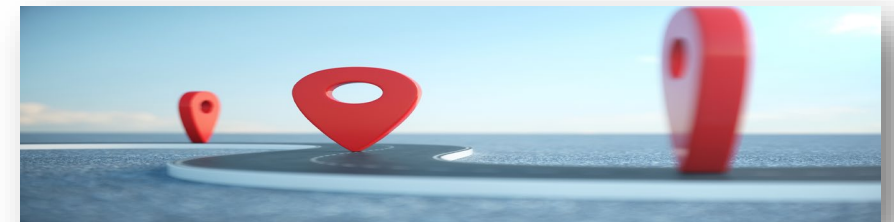
Federal Policy



City staff are working closely to monitor the impact of changes at the Federal level

- Tariffs – Assumed a 10% increase on Commodities & Capital Outlay (Vehicles, Equipment, IT Hardware)
- Grant Funding

FY 2026 Budget Roadmap





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