



Budget Work Session FY 2025-26

September 9, 2025

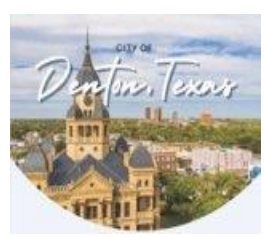


Fiscal Year 2025-26

Background

FY 2025-26 Budget Work Sessions

- May 20, 2025, Current Fiscal Year (FY) and Preliminary FY 2025-26 Impacts
- June 17, 2025, Current FY Update, Preliminary FY 2025-26 Budget Reductions
- July 15, 2025, Preliminary FY 2025-26 Utility Budgets & Rates
- July 22, 2025, Preliminary FY 2025-26 Capital Improvement Program
- August 9, 2025, Budget Workshop - City Manager's Proposed FY 2025-26 Budget (Tax Rate & All Funds)
- August 19, 2025, Budget Workshop Follow-Up, Utility Budgets, General Fund Fees
- September 9, 2025, Final Review of the General Fund & Proposed Tax Rate, any remaining budget follow-up



Fiscal Year 2025-26

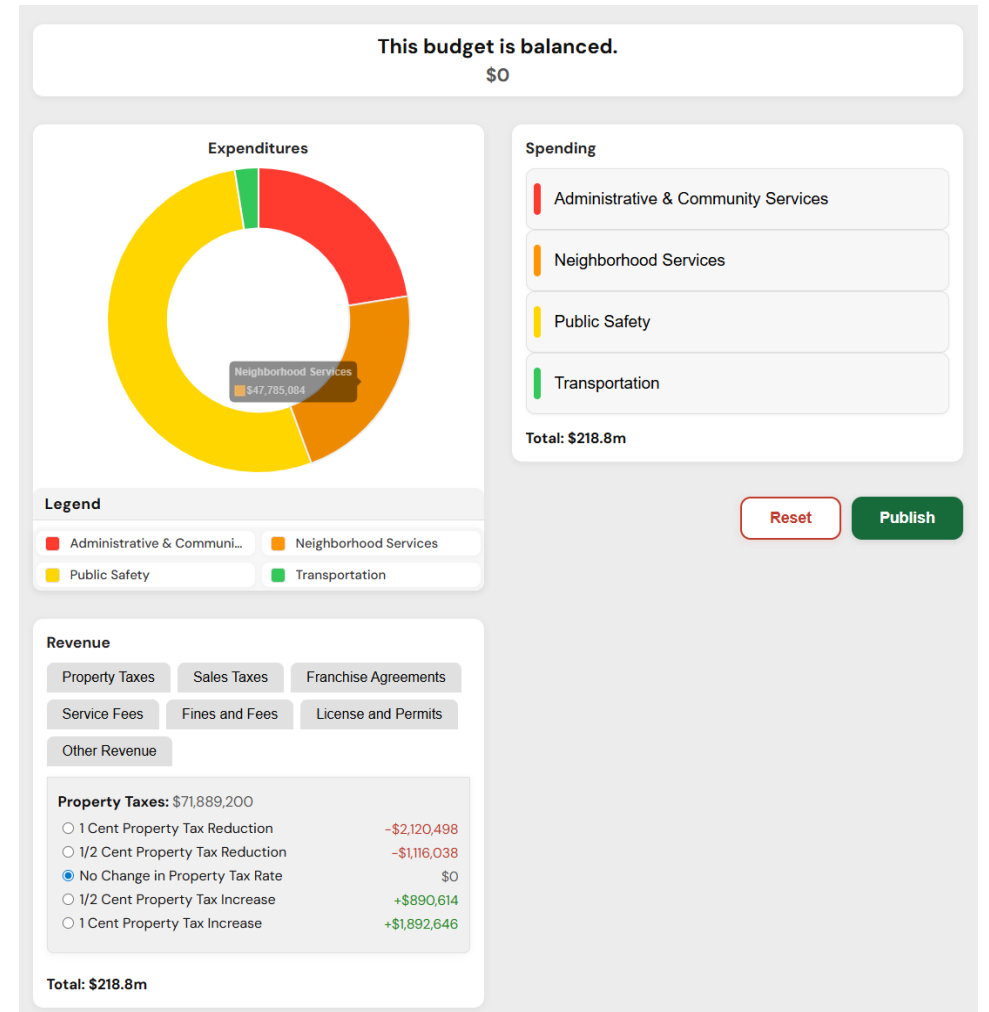
Budget Simulator Feedback

58 Submissions as of 9/2/25

- 15 responses – Increase the proposed rate
- 16 responses – Keep the proposed rate
- 27 responses – Decrease the proposed rate

Age Range:	Count:	% of Results	% of Adult Population
18-29	11	19%	35%
30-49	30	52%	30%
50-69	14	24%	25%
70+	3	5%	10%
Total	58	100%	100%

Postal Code:	Count:	% of Results	% of Population
76201	18	31%	20%
76205	4	7%	14%
76207	6	11%	12%
76208	7	13%	19%
76209	9	16%	20%
76210	10	18%	16%
76226	2	4%	N/A
76227	2	4%	N/A
Total	58	100%	100%





Fiscal Year 2025-26

Budget Methodology & Strategy

Zero-Based Budgeting

- All spending is justified from a "zero-base" regardless of past allocations.
- **Objective:** Ensure every dollar provides maximum impact.
- **Key Questions:**
 - Are we duplicating efforts or resources?
 - Are there activities we should no longer be doing?
 - Where can we improve our existing services?

Managed Vacancy Program

- **Objective:** To generate budgetary savings by strategically freezing open positions.
- **Purpose:** The program analyzes and prioritizes staffing needs, ensuring resources are allocated to the most critical roles

Budget Task Force

- **Objective:** To identify, review, and recommend cost saving measures
- **Purpose:** A cross functional dedicated team to review departmental budgets to recommend reductions and efficiencies



Fiscal Year 2025-26

Budget Methodology & Strategy

Expected Outcomes:

Improved Financial Health

- Achieve a balanced budget and capture significant savings.
- Increase the City's financial stability and resilience for future challenges.

Enhanced Strategic Alignment

- Eliminate non-essential or duplicated services and projects.
- Reallocate funds to support high-impact programs and critical services.

Increased Transparency & Accountability

- Promote a culture of data-driven decision-making.
- Provide greater clarity and justification for all budgetary expenditures.
- Create a consistent process for reviewing and prioritizing all spending requests, from staffing to programs.



Fiscal Year 2025-26

Compensation & Benefits

Compensation

Salary Adjustments: There are no proposed cost-of-living or merit adjustments for non-civil service employees. As part of Meet and Confer, civil service employees who are eligible and meet the requirements will receive STEP Pay increases. These increases will continue at designated intervals throughout the year.

Employee Benefits

- **Health Insurance:** The employer-paid premium is increasing by 2.19% over the prior year, bringing the cost to \$1,331 per employee per month. Employee contribution changes will vary based on plan selections, effective in January 2026.
- **Retirement Contributions (rate set by TMRS annually)**
 - Texas Municipal Retirement System (TMRS): The rate is decreasing from 18.88% to 18.60%.
 - Fire Pension: The rate remains aligned with TMRS at 18.60%.
 - This change represents a city-wide savings of \$400,000
- **Work Schedules:**
 - Administrative Offices: 4.5-day (closes at noon on Friday) is proposed to be piloted tentatively for October 2025
 - Fire Department: schedule will move to 48/96 Hours. Schedule is tentative for January 2026



Fiscal Year 2025-26

General Fund - Revenues

	2023-24 ACTUALS	2024-25 ESTIMATES	2025-2026 PROPOSED	FY 2026-27 PROJECTED	FY 2027-28 PROJECTED	FY 2028-29 PROJECTED	FY 2029-30 PROJECTED
Beginning Fund Balance	\$ 44,749,871	\$ 42,353,136	\$ 42,508,217	\$ 42,508,217	\$ 44,646,467	\$ 49,182,379	\$ 53,758,009
Property Tax	66,281,546	67,804,582	72,012,306	74,172,675	76,397,856	77,925,813	79,484,329
Sales Tax	57,074,842	60,164,000	62,944,986	64,833,336	66,778,336	68,113,903	69,476,181
Other Taxes	566,827	502,136	566,134	583,118	600,611	612,623	624,876
Licenses and Permits	5,561,811	6,956,839	6,846,632	7,052,031	7,263,592	7,408,864	7,557,042
Franchise Fees & ROI	17,534,987	24,679,488	32,194,374	33,160,205	34,155,011	34,838,112	35,534,874
Fines and Fees	2,525,000	2,527,452	2,528,462	2,604,316	2,682,446	2,736,095	2,790,817
Service Fees	12,420,160	13,020,436	12,866,937	13,252,945	13,650,534	13,923,544	14,202,015
Investment Income	3,567,673	2,742,602	2,618,775	2,697,338	2,778,258	2,833,824	2,890,500
Intergovernmental Revenue	3,530,952	3,169,666	3,571,740	3,678,892	3,789,259	3,865,044	3,942,345
Other Revenues	688,630	422,332	719,846	741,442	763,685	778,959	794,538
Transfers	16,903,268	20,710,051	21,954,773	22,613,416	23,291,819	23,757,655	24,232,808
Total Revenue	\$ 186,655,696	\$ 202,699,585	\$ 218,824,966	\$ 225,389,715	\$ 232,151,406	\$ 236,794,435	\$ 241,530,323



Fiscal Year 2025-26

General Fund - Expenditures

	2023-24 ACTUALS	2024-25 ESTIMATES	2025-26 PROPOSED	FY 2026-27 PROJECTED	FY 2027-28 PROJECTED	FY 2028-29 PROJECTED	FY 2029-30 PROJECTED
Personnel Services	\$ 132,516,995	\$ 142,946,395	\$ 151,582,811	\$ 154,614,467	\$ 157,706,757	\$ 160,860,892	\$ 164,078,110
Materials & Supplies	4,066,883	4,442,079	4,617,746	4,710,101	4,804,303	4,900,389	4,998,397
Maintenance & Repair	1,926,679	2,128,311	2,349,279	2,396,265	2,444,190	2,493,074	2,542,935
Insurance	3,920,723	4,521,766	3,868,485	3,945,855	4,024,772	4,105,267	4,187,373
Miscellaneous	2,820,794	3,044,578	2,503,462	2,553,531	2,604,602	2,656,694	2,709,828
Operations	23,326,252	20,340,778	25,386,802	25,894,538	26,412,429	26,940,677	27,479,491
Fixed Assets	661,455	467,371	477,588	487,140	496,883	506,820	516,957
Capital Transfers	1,062,502	1,451,450	1,063,450	1,084,719	1,106,413	1,128,542	1,151,112
Interfund Transfers	18,778,627	23,201,776	26,975,343	27,514,850	28,065,147	28,626,450	29,198,979
Total Expenditures	\$ 189,080,910	\$ 202,544,503	\$ 218,824,966	\$ 223,201,465	\$ 227,665,495	\$ 232,218,805	\$ 236,863,181
Ending Fund Balance	\$ 42,324,656	\$ 42,508,217	\$ 42,508,217	\$ 44,696,467	\$ 49,182,379	\$ 53,758,009	\$ 58,425,151
Change in Fund Balance	(2,425,215)	155,081	-	2,188,250	4,485,912	4,575,630	4,667,143
Fund Balance as % of Total Expenditures	22.38%	21.00%	19.43%	20.03%	21.60%	23.15%	24.70%



Fiscal Year 2025-26

General Fund – Proposed Reductions

To navigate current budget conditions, departments conducted zero-based budgeting for FY 2025-26. In addition, departments have assessed existing operations to identify opportunities for cost savings through service reductions, eliminations, technology implementation, or internalization of services.

Category	Included Reductions
Personnel	\$3,066,035
Programs	2,179,064
Contractual Services	1,053,223
Travel and Training	197,155
Equipment, Supplies, Other Discretionary	618,317
Total	\$7,113,794



Fiscal Year 2025-26

Assessed Values & Tax Rate

Fiscal Year	Certified Assessed Value*	Operations & Maintenance Rate	Debt Service Rate	Total Tax Rate	% Change
2020-21	\$ 13,581,648,271	0.380364	0.210090	0.590454	0.00%
2021-22	14,403,105,063	0.350444	0.215379	0.565823	-4.17%
2022-23	16,764,866,572	0.356432	0.204250	0.560682	-0.91%
2023-24	19,287,823,297	0.354780	0.205902	0.560682	0.00%
2024-25	21,246,581,740	0.334780	0.250640	0.585420	4.48%
2025-26	\$ 22,755,601,832	0.334780	0.260640	0.595420	1.71%

Proposed Rate

* Excludes TIRZ, includes frozen values

Proposed Tax Rate:

Operations & Maintenance	\$0.334780 (unchanged)
Debt Service	\$0.260640 (increase \$0.01)
Total Proposed Tax Rate	\$0.595420

No New Revenue Rate	\$0.554279/ \$100
Voter Approval Rate	\$0.610157/ \$100



Fiscal Year 2025-26

Tax Bill Impact

Proposed: Average Tax Bill Impact: Approximately \$7 per month / \$84 annually

- Increase on the I&S (debt) Only
- Rate is per \$100 in assessed value

No New Revenue Rate	\$0.554279/\$100
Proposed Rate	\$0.595420/\$100
Voter Approval Rate	\$0.610157/\$100

Estimated Property Tax Bill	FY 2025	Proposed .01 Increase Increase to I&S only
Average Homestead Residential Value	\$ 378,849	\$ 386,698
O&M Rate	0.33478	0.33478
I&S Rate	0.25064	0.26064
Total Rate	0.58542	0.59542
Tax Bill	\$ 2,218	\$ 2,302
Annual Change (\$)		\$84
Monthly Change (\$)		\$7



Fiscal Year 2025-26

Direction/Discussion

- Seeking Feedback on the City Manager's Proposed Budget

Next Steps

- Sept 8 Public Hearing on the Budget and Tax Rate
- Sept 16 Budget Adoption

Inclusion | Collaboration | Quality Service | Strategic Focus | Fiscal Responsibility