

LEWISVILLE CITY COUNCIL

**JOINT MEETING OF LEWISVILLE CITY COUNCIL, CRIME CONTROL AND
PREVENTION DISTRICT BOARD AND FIRE CONTROL, PREVENTION AND
EMERGENCY MEDICAL SERVICES DISTRICT BOARD**

CALLED-SPECIAL BUDGET MEETING

August 9, 2025

8:00 A.M.

Present:

TJ Gilmore, Mayor

Council Members:

Ronni Cade, Mayor Pro Tem
Bob Troyer, Deputy Mayor Pro Tem
William Meridith
Lonnie Tipton
Kristin Green
Patrick Kelly

City Staff:

Claire Powell, City Manager
Gina McGrath, Deputy City Manager
Shante Akafia, Assistant City Manager
Jim Proce, Assistant City Manager
Liz Plaster, City Attorney
Lauren Crawford, Deputy City Attorney
Ashley Carlisle, Budget Manager
Jennifer Malone-Ippolito, City Secretary

With a quorum of the Council Members present, the called-special budget meeting of the Lewisville City Council was called to order by Mayor Gilmore at 8:01 a.m. on Saturday, August 9, 2025, in the Lower Level Training Room of Lewisville City Hall, 151 West Church Street, Lewisville, Texas. City Department Heads were also in attendance.

Public Comment

(Agenda Item A)

There were no speakers for public comment.

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REGULAR HEARING

**Consideration of the Preliminary Budget for
FY 2025-26 as Submitted by the City
Manager, Including Discussion on Credit
Card Fees, the Property Tax Rate, and
Water, Sewer, and Stormwater Rates.**

(Agenda Item B-1)

Staff will provide a presentation that includes the following: Submission of the Preliminary Budget Document; Discussion of the Budget Process and an Overview of Guidelines; Discussion and Overview of Funds; Discussion of Base Budget by Big Move and Strategic Move; Discussion of Utility Billing Credit Card Fees; Discussion and Recommendation for Unfunded Items; Discussion of Tax Rate Information; and Discussion of Water, Sewer, and Stormwater Rate Information.

The City staff's recommendation was that the City Council approve, for discussion at the upcoming public hearing, the City Manager's Preliminary Budget, as presented and amended, which includes consideration of the proposed tax rate and an increase in water and sewer rates.

At the request of Mayor Gilmore, City Manager Claire Powell began the presentation of the preliminary budget for FY 2025-26.

Budget Manager Ashley Carlisle provided the General and Utility Fund summaries.

Director of Finance David Erb discussed credit card fees for utility bill payments. City Manager Powell advised that there would be no fee for using a debit card. All City Council members were in favor of this change.

Chris Ekrut, NewGen Strategies presented information regarding Utility Rates.

City Manager Powell discussed the CIP Cash Infrastructure Funding action steps for utility capital projects. The consensus of the City Council was that they are in agreement.

Mayor Gilmore RECESSED the meeting for a break at 9:40 a.m.

Mayor Gilmore RECONVENED the meeting at 9:47 a.m.

City Manager Powell discussed new funding by Big Move and Strategic Move.

City Manager Powell discussed the unfunded items. Department directors presented unfunded items to the City Council, answered questions and received comments.

Mayor Gilmore RECESSED the meeting for a lunch break at 11:31 a.m.

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Mayor Gilmore RECONVENED the meeting at 12:00 p.m.

Department directors continued their presentation of unfunded items to the City Council, answered questions and received comments.

Councilmember Lonnie Tipton left the meeting at 12:32 pm.

Director of Finance David Erb presented on the tax rate.

City Manager asked about what Council would like to do with the tax rate. Councilmember Troyer went on record saying that the .419009 is not a tax rate increase, but it must be presented this way per state statute. There was a consensus of the City Council around the voter approval rate.

There was discussion among the City Council members regarding the unfunded list.

MOTION: Upon a motion made by Councilmember Green and seconded by Councilmember Kelly, the Council voted five (5) “ayes” and no (0) “nays” to approve the preliminary budget as presented and amended which includes expenditures based on a total tax rate of 0.419009, and a 7.4% increase in water and sewer rates. The motion carried.

**Consideration of Dates and Times for the
Public Hearing and Vote on the Budget and
Public Hearing and Vote on the Tax Rate.**

(Agenda Item B-2)

A public hearing and vote on the budget at the September 8, 2025 City Council Meeting at 7:00 p.m.; and a public hearing and vote on the tax rate at the September 15, 2025 City Council Meeting at 7:00 p.m. was previously approved in the Budget Calendar in accordance with state law.

The City staff's recommendation was that the City Council hold the public hearing and vote on the budget at the September 8, 2025 City Council Meeting at 7:00 p.m.; and hold the public hearing and vote on the tax rate at the September 15, 2025 City Council Meeting at 7:00 p.m.

MOTION: Upon a motion made by Councilmember Green and seconded by Councilmember Meridith, the Council voted five (5) “ayes” and no (0) “nays” to hold the public hearing and vote on the budget at the September 8, 2025 City Council Meeting at 7:00 p.m.; and hold the public hearing and vote on the tax rate at the September 15, 2025 City Council Meeting at 7:00 p.m. The motion carried.

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**Acceptance of the 2025 Certified Tax Rolls in
Accordance with Section 26.04(b) of the State
Property Tax Code.**

(Agenda Item B-3)

At the request of Mayor Gilmore, City Manager Claire Powell began the presentation of the preliminary budget for FY 2025-26.

The 2025 Certified Tax Rolls from Dallas and Denton Appraisal Districts combined for a total market value for all property of \$27,552,025,863; an appraised value of \$27,143,056,761; and a total taxable value of \$22,355,980,998. TIF Zone Number 1 taxable value is \$671,661,774. TIF Zone Number 2 taxable value is \$308,105,033. TIF Zone Number 3 taxable value is \$1,444,714,153. TIF Zone Number 4 taxable value is \$363,547,734. New construction included in the total roll is \$462,686,227.

The City staff's recommendation was that the City Council accept the 2025 Tax Rolls in accordance with Section 26.04(b) of the State Property Tax Code.

MOTION: Upon a motion made by Councilmember Meridith and seconded by Councilmember Troyer, the Council voted five (5) "ayes" and no (0) "nays" to accept the 2025 Tax Rolls in accordance with Section 26.04(b) of the State Property Tax Code. The motion carried.

**Acceptance of the Report Identifying the
Calculation of the 2025 No New Revenue and
Voter Approval Tax Rates, Authorization to
Publish Notice as Required by the Texas Tax
Code Section 26.061 and provide direction as
to the calculation of the voter approval tax
rate.**

(Agenda Item B-4)

Section 26.061 of the Texas Tax Code requires that the calculated no new revenue tax rate and voter approval tax rate be submitted to the Council and that a notice of calculated no new revenue tax rate and voter approval rates be published in a newspaper having general circulation in the county in which the municipality is located. The calculated rates are as follows: 2025 No New Revenue Tax Rate \$0.409667, 2025 No New Revenue Maintenance and Operation Rate \$0.286657. The 2025 Debt Rate and 2025 Voter Approval Rate to be published will be determined after City Council deliberation. The preliminary Debt Rate for 2025 is \$0.122320, and the preliminary Voter Approval Rate for 2025 is \$0.419009.

The City staff's recommendation was that the City Council accept the preliminary report identifying the calculation of the 2025 no new revenue and voter approval tax rates and authorize the notice publication as required by the Texas Tax Code Section 26.061.

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MOTION: Upon a motion made by Councilmember Kelly and seconded by Councilmember Green, the Council voted five (5) “ayes” and no (0) “nays” to accept the preliminary report identifying the calculation of the 2025 No-New Revenue and Voter Approval Tax Rates; and authorize the publication of notice as required by the Texas Tax Code Section 26.061.

Closed Session

(Agenda Item I)

Mayor Gilmore RECESSED into Closed Session at 1:36 p.m.

In Accordance with Texas Government Code, Subchapter D,

1. *Section 551.072 (Real Estate): Property Acquisition*
2. *Section 551.074 (Personnel):*
 - (a) *City Manager Claire Powell*
 - (b) *Municipal Court Judge Brian Holman*
 - (c) *City Attorney Lizbeth Plaster*
3. *Section 551.087 (Economic Development): Deliberation Regarding Economic Development Negotiations.*

**Reconvene and Consider Action, if any, on
Items Discussed in Closed Session**

(Agenda Item J)

Mayor Gilmore RECONVENED into Regular Session at 1:49 p.m.

MOTION: Upon a motion made by Councilmember Green and seconded by Deputy Mayor Pro Tem Troyer, the Council voted five (5) “ayes” and no (0) “nays” to (1) amend the employment contracts of Claire Powell, Liz Plaster, and Brian Holman to remove the severance pay provisions; (2) enter into severance agreements with Claire Powell, Liz Plaster and Brian Holman memorializing the severance pay provisions that were removed from their employment contracts; and (3) authorize the Mayor to execute said agreements.

Adjournment

(Agenda Item K)

There being no further business to come before the Council, Mayor Gilmore adjourned the meeting of the Lewisville City Council at 1:52 p.m. on Saturday, August 9, 2025.

These minutes approved by the Lewisville City Council on the 8th of September, 2025.

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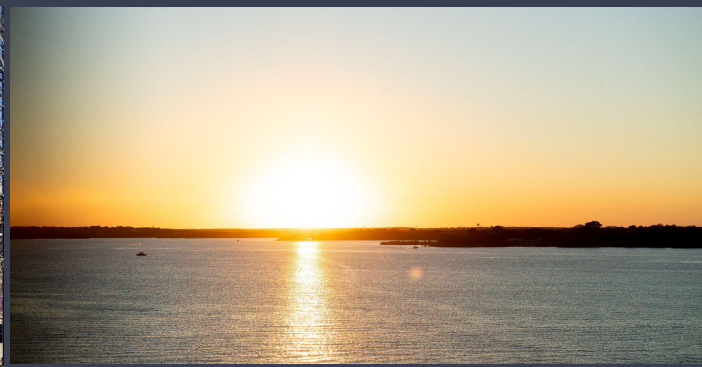
APPROVED

TJ Gilmore
MAYOR

ATTEST:

Jennifer Malone-Ippolito
CITY SECRETARY

DRAFT MINUTES



FY 2025-2026 Budget Workshop



Agenda

- 1. Submission of FY 2025-2026 Preliminary Budget**
- 2. Budget Process and Overview**
 - a. Budget Cycle
 - b. Guidelines
 - c. Lewisville 2025 & Action Priorities
 - d. Budgetary Challenges
- 3. Overview of Funds**
 - a. General Fund
 - b. Utility Fund
 - c. Other Funds
- 4. New Funding by Big Move and Strategic Move**
- 5. Discuss Recommendations for Unfunded Items**
- 6. Discussion of Utility Billing Credit Card Fees**
- 7. Tax Rate Information**
- 8. Discussion of Utility Rates**
- 9. Council Action**

Budget Process and Overview

SEPTEMBER

Adopt Budget

DECEMBER - APRIL

Update Business Plans

Council Retreat - Action Priorities
& Strategic Focus Areas Set;
Public Input

Departmental Budget
Preparation Begins

MAY - JUNE

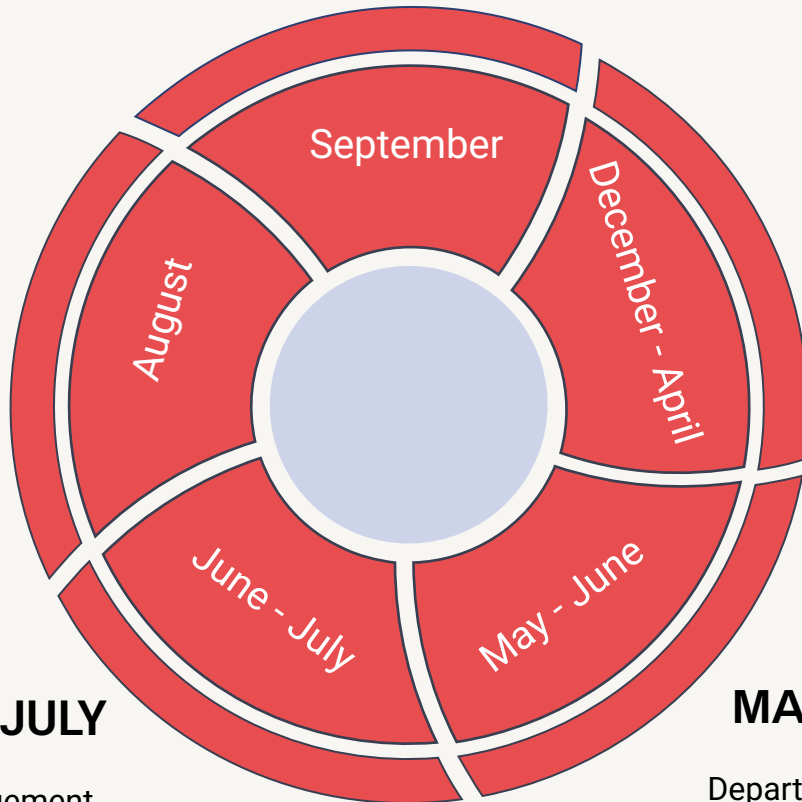
Departmental Budget
Preparation Continues; City
Management Review Begins

AUGUST

City Council and Public
Review / Input

JUNE - JULY

City Management
Budget Review
Continues



Budgetary Financial Policy Statements, Directives, and Guidelines

Minimum Reserves

- The General Fund and all funds with outstanding long-term debt will have a fund balance of at least **20%** of the operating expenditure budget.
- Fund balance is defined as the excess of a fund's current assets over its current liabilities, sometimes called "working capital."
- Debt Service fund balance will not exceed **15%** of the outstanding principal for general obligation debt.

Sales Tax Calculation

- The budget for sales tax revenue for the upcoming fiscal year should not exceed the estimated projection of sales tax for the current fiscal year.

General Fund Revenue

- The proposed budget shall maintain a balance in revenue sources to protect the financial stability of the City in the event of severe fluctuations in the national and/or local economy. In this endeavor, the City will strive to ensure we do not become over-reliant on any one particular source.

Budgetary Financial Policy Statements, Directives, and Guidelines

Operating Funds Budget

- The budget should be balanced with ongoing appropriations not exceeding revenues, transfers-in, and available fund balance reserves.
- One-time revenues will not be used for funding ongoing appropriations.

Utility Fund Revenue

- A cost-of-service rate study will be conducted each year to mitigate the magnitude of any rate increase necessary for the City to cover the operating budget needs and meet all revenue bond covenants.
- Utility Fund revenues are budgeted based on a normal year, not on extreme wet or dry years.

Operating Fund Expenditures

- The proposed budget will appropriate sufficient funds to maintain existing quality and scope of City services.
- Expenditures will be budgeted in one of five major categories: Personal Services, Materials & Supplies, Services and Charges, Transfers, and Capital Outlay.

Budget Development Guidelines

- Lewisville 2025/2035
- Short-Term Action Priorities
- Medium-Term Strategic Focus Areas
- Resident Survey Results
- Departmental Business Plans
- GO Bond Program
- Sustainability Action Plan
- Competitive Compensation Strategy - Top $\frac{1}{3}$ (when funding is available)

- General Fund Reserves Plan
- Infrastructure Condition Ratings
- Business 121 Corridor Plan
- Utility Fund Capital Improvement Plan
- Approved Economic Development Agreements
- 4B Fund Capital Improvement Plan
- Investment in Capital

To assist in controlling the growth of the operating budget...

Base Budget Submitted by City Manager's Office

- Within an appropriation ceiling (target) calculated by the City Manager's Office.
- Target is based on last year's departmental adopted budget minus any one-time funding or adjustments, such as reclasses, reorganizations, etc.

Action Step Requests

- Program or service level changes from the prior budget must be submitted as separate Action Step requests.
- These include "Add Back" requests.

Funding

- Action Steps are considered for funding.
- Action Steps not approved or considered low-priority are not recommended to be funded.
- Action Steps with CMO approval are incorporated into the base budget as much as possible.
- Beneficial Action Steps that cannot be funded within base budget are presented to City Council for further consideration.

Lewisville 2025 Big Moves



Green Centerpiece



Extending the Green



Old Town Development



Diverse and Thriving
Neighborhoods



Economic Vitality



Identity, Place and
Communications



Sustainability

Lewisville 2025 Strategic Moves



Values-Driven
Organization



Data Driven
Organization



Connected City

Lewisville 2025 Action Priorities

Order	Big Move	Action Priority	Status	Score - Council	Score - Staff	Score - Averaged
1	Diverse & Thriving Neighborhoods	Develop a strategy for maintenance and rehabilitation of existing apartment complexes that improves residents' quality of life while continuing to include affordable housing.	Partially Complete	12.57	9.31	10.94
2	Diverse & Thriving Neighborhoods	Continue and expand the Police and Code Compliance Departments' Nuisance Abatement programs for multi-family and hotel/motel properties.	Partially Complete	9.29	8.44	8.86
3	Values-Driven Organization	Involve the entire diverse community in implementation of Lewisville 2025 and in service on City Boards and Commissions.	Partially Complete	8.14	8.94	8.54
4	Connected City	Provide free public WIFI at all public parks within Lewisville and continue to install smart technologies at these public locations, with highest priority given to low and moderate income areas.	Partially Complete	9.00	7.88	8.44
5	Old Town	Evaluate additional activities that would bring people to Old Town (such as higher education classes, training, makerspace, incubator business, popup stores).	Partially Complete	9.86	7.00	8.43
6	Connected City	Improve the access and connection of all residents to jobs, education and resources.	Partially Complete	9.00	7.75	8.38
7	Data-Driven Organization	Use data to identify demographics and geographies where more events and interaction are needed between residents and City staff.	Partially Complete	8.57	7.38	7.97
8	Values-Driven Organization	Expand dialogue with communities of color to understand their experiences and identify actions to improve Lewisville as a place for them to live and work.	Partially Complete	8.86	7.00	7.93
9	Green Centerpiece	Secure adequate Green Centerpiece resource and funding commitments for the updated Master Strategy and Nature Center.	Partially Complete	7.86	7.56	7.71
10	Economic Vitality	Develop an inventory of retail establishments in Lewisville, for use in communication, marketing and business support.	Partially Complete	8.14	7.13	7.63
11	Identity, Place, and Communications	Central I-35E: Work with owners and offer incentives to redo, improve or redevelop commercial centers.	Partially Complete	6.43	8.75	7.59
12	Connected City	Way-finding, messaging and informational materials should create inviting and understandable routes between Lewisville's distinctive places.	Partially Complete	8.14	6.25	7.20
13	Connected City	Increase collaboration with social service agencies, non-profits, utility providers and others to help the Lewisville community become more adaptable and resilient, and to offer the community coordinated support in times of crisis.	Partially Complete	7.43	6.88	7.15

Lewisville 2025 Action Priorities

1.	Rehab & Maintain Apartments w/Affordability Focus
2.	Expand Nuisance Abatement (PD & Code)
3.	Increase Diverse Participation in Boards & Lewisville 2025
4.	Free Wi-Fi in Parks & Smart Tech in Low-Moderate Income Areas
5.	Add Activities to Old Town (e.g. Classes, Incubator)
6.	Improve Access to Jobs, Education, Resources

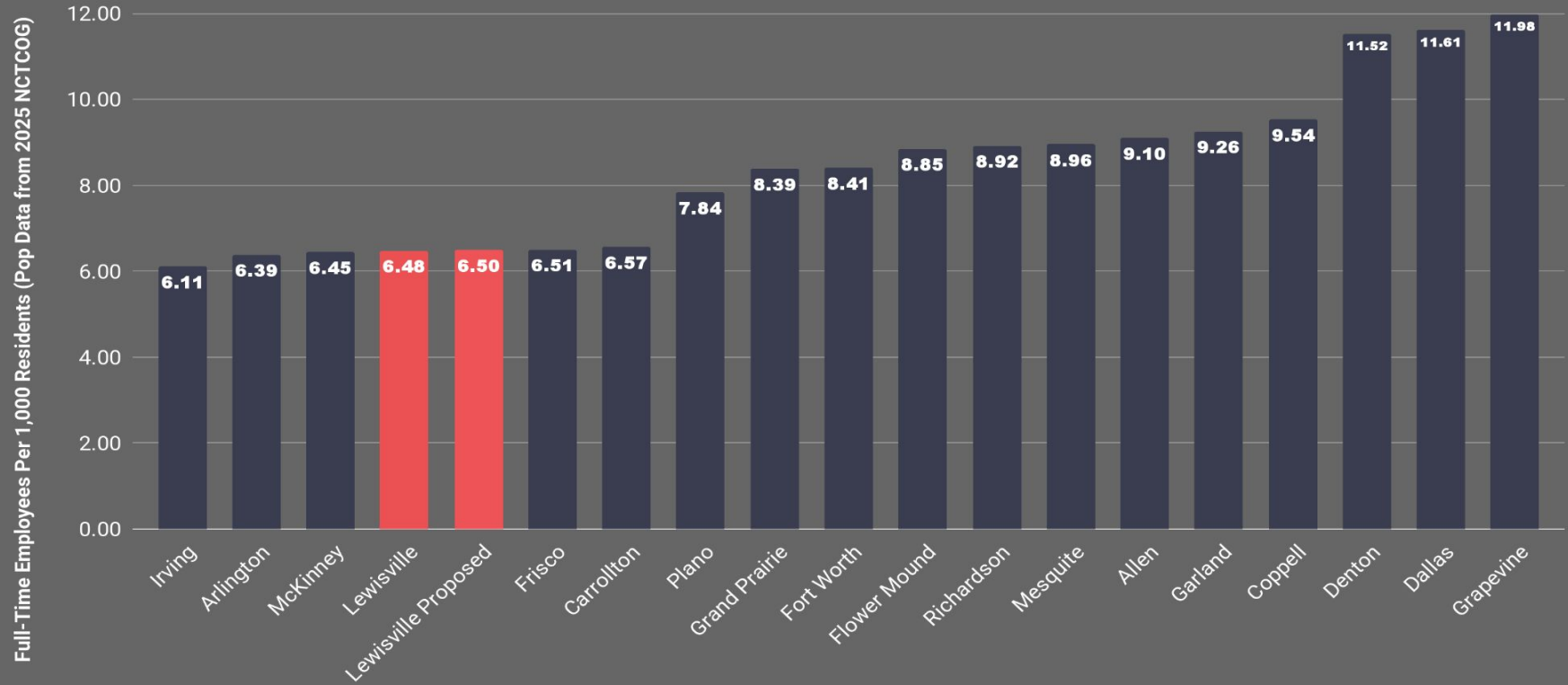
Lewisville 2025 Action Priorities Cont.

7.	Use Data to Target Community Engagement
8.	Expand Dialogue with Communities of Color
9.	Secure Resources for Nature Center and Green Centerpiece Master Plan
10.	Inventory Retail Businesses for Outreach
11.	Incentivize Redevelopment of Central I-35E Commercial Areas
12.	Improve Wayfinding Between Key Destinations
13.	Increase Collaboration to Enhance Crisis Resiliency

Budgetary Challenges



Full-Time Employees Per 1,000 Residents



Citywide Involuntary Increases

- Departments across the City have experienced significant cost increases when preparing their base budgets. Examples of absorbed cost increases include:
 - Base salary & benefits
 - Technology & licensing
 - Various contracts
 - Utilities
- As a result, multiple departments were required to cut items previously funded from their base budgets and request them as Add-Backs.

Overview of Funds

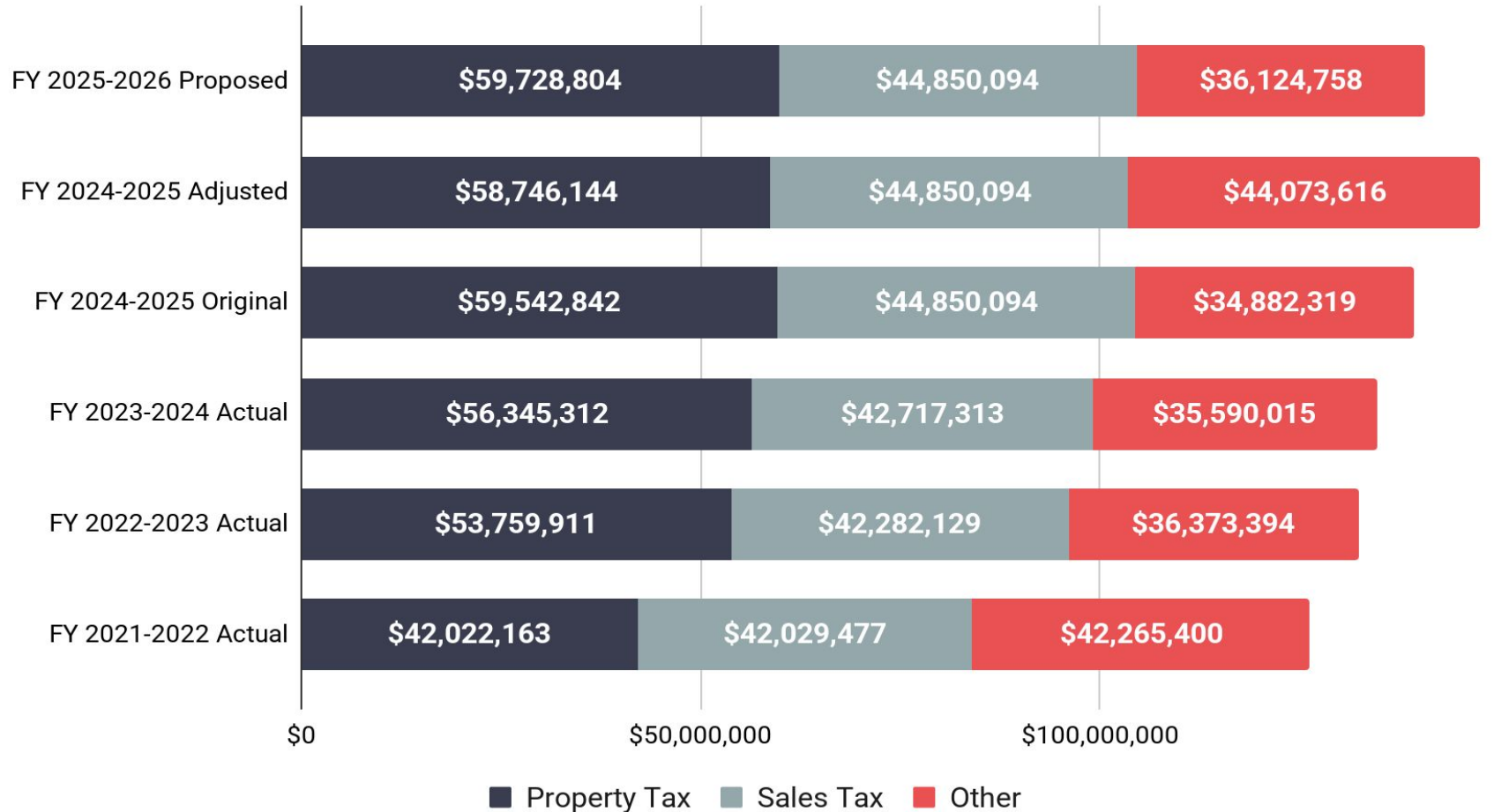
General Fund

General Fund Summary

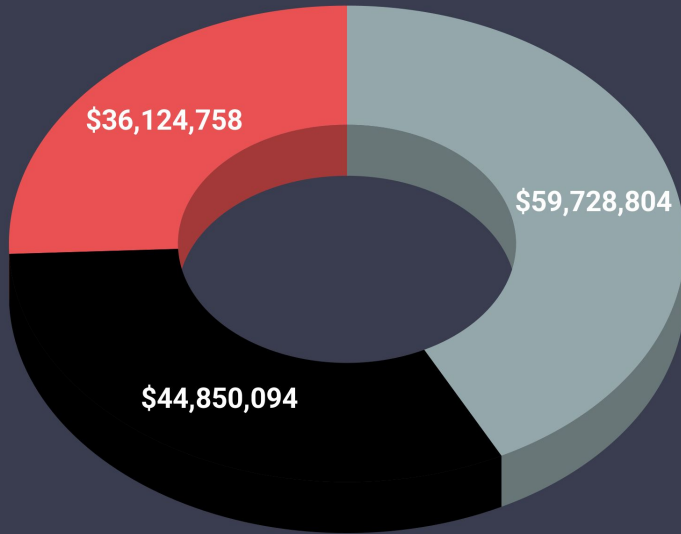
	FY 2021-2022 ACTUAL	FY 2022-2023 ACTUAL	FY 2023-2024 ACTUAL	FY 2024-2025 ORIGINAL BUDGET	FY 2024-2025 ADJUSTED BUDGET	FY 2024-2025 YTD	FY 2025-2026 PROPOSED
BEGINNING FUND BALANCES	47,735,388	62,628,383	49,482,867	45,325,282	49,517,446	49,517,446	44,969,146
<u>REVENUES</u>							
Taxes	91,835,433	103,845,288	106,735,218	111,451,530	111,295,904	87,629,543	112,575,008
Licenses & Permits	5,465,506	4,035,397	4,257,001	3,193,144	4,335,062	3,203,392	3,466,752
Intergovernmental Revenues	700,847	757,716	748,847	750,000	750,000	440,837	750,000
Charges for Services	7,079,739	7,340,188	8,127,924	7,243,915	8,531,480	5,952,637	8,631,282
Culture and Recreation Revenues	4,008,661	4,659,634	3,166,384	3,990,742	4,508,104	3,322,499	3,961,221
Investment Earnings and Contributions	412,421	1,554,035	1,938,567	1,146,342	1,832,504	892,496	1,557,629
Fines, Forfeitures and other Court Fees	2,445,366	1,983,813	2,407,878	2,348,298	2,140,169	1,609,257	2,195,272
Other Financing Sources	6,930,547	932,773	1,021,039	812,981	912,629	476,221	996,900
Transfers In	7,438,522	7,306,591	6,249,783	8,338,303	13,364,002	12,448,381	6,569,592
Total Revenues	126,317,040	132,415,434	134,652,641	139,275,255	147,669,854	115,975,263	140,703,656

4.72% decrease/ ▼ \$6.97M

1.01% Increase/ ▲ \$1.43M

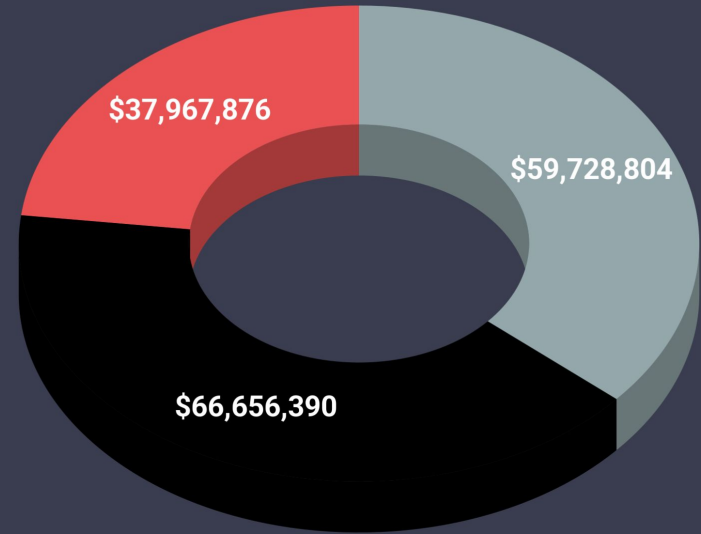


General Fund Only



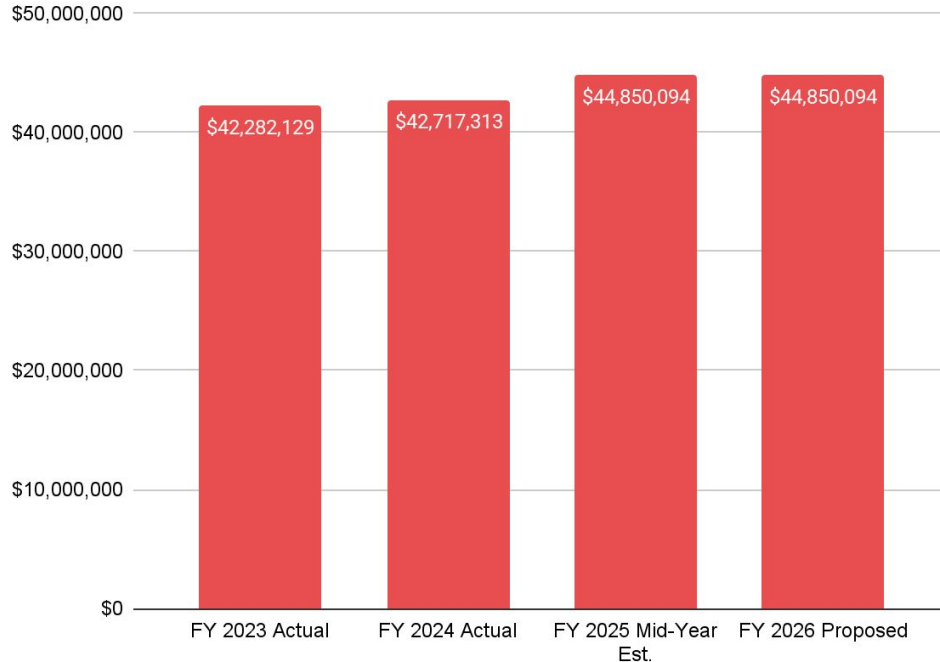
- Property Tax (42.5%)
- Sales Tax (31.9%)
- Other (25.6%)

General Fund, 4B, Crime Control, and Fire Control



- Property Tax (36.3%)
- Sales Tax (40.6%)
- Other (23.1%)

General Fund Sales Tax Collections



Sales Tax Estimates

- The **\$44.9M** General Fund sales tax estimate for FY 2026 is consistent with the current year's original budget
- This estimate is **flat** when compared to the current year's adjusted mid-year estimate due to fluctuating audit collections and flat current collections.
- This strategy maintains the City's policy when it comes to budgeting sales tax conservatively

General Fund

\$239,240

Building
Permits

\$411,287

Interest

\$800,030

Landfill Host
Fees

\$837,241

Franchise
Taxes

Warrant and
Other Fees

\$212,918

Concessionaire
Revenue

\$114,335

Major Revenue Modifications

General Fund - Operating Budget Overview

FY 2026 Proposed Revenues	\$140,703,656
Departmental Base Budgets	\$135,645,588
Add-Backs	\$754,804
New Programs	\$740,325
Expansions, improvements, efficiencies, and replacements to existing equipment	\$3,562,939
FY 2026 Proposed Budget	\$140,703,656
Current Revenue - Current Expense Balance	\$0

Expenditures from General Fund Balance:

\$9,817,538

Amount Left After 20% (\$28.1M) Reserve:

\$7,010,877

General Fund - Use of Fund Balance

FY 2026 Proposed Use of Fund Balance	\$9,817,538
Enterprise Resource Planning (ERP) Implementation One-Time Funding	\$203,828
Part-Time Background Investigators	\$113,064
Lewisville 2025 Annual Report	\$40,000
Uniforms, Personal Protective Equipment, and Station Equipment	\$20,000
Internal Audit Service	\$100,000
Third-Party Building Inspections	\$15,000
Cost Allocation Plan Update	\$14,500
Streetlight Replacement Purchase/System Ownership Conversion	\$2,626,641

General Fund - Use of Fund Balance Continued

FY 2026 Proposed Use of Fund Balance	\$9,817,538
Bucket Truck Rental	\$27,000
Business 121 Plan Implementation	\$526,700
Transportation Consultant Services	\$69,147
Urban SDK - Traffic Data Subscription	\$20,125
Tech Plan: Upgrade to Google Enterprise Plus	\$40,536
Tech Plan: Intrusion Prevent System (IPS) Upgrade	\$8,397
Tech Plan: Clearpass Expansion	\$14,821
Traffic Signal Detection	\$210,500

General Fund - Use of Fund Balance Continued

FY 2026 Proposed Use of Fund Balance	\$9,817,538
Zencity Community Survey Platform	\$42,498
AXON Public Safety Contract	\$557,630
Lewisville Grand Theater Building Modifications	\$606,717
Unplanned Facility Renovations and Repairs	\$300,000
Traffic Signal/Intersection Improvements	\$500,000
Traffic Controllers and Cabinets Replacement	\$250,000
Tech Plan: Firewall replacement	\$32,864
Tech Plan: PC Replacement	\$449,650

General Fund - Use of Fund Balance Continued

FY 2026 Proposed Use of Fund Balance	\$9,817,538
Tech Plan: Camera Replacement	\$27,188
Tech Plan: Traffic Intersection Cameras: Situational Awareness	\$38,919
Neighborhood Enhancement Program (NEP)	\$30,000
Property Enhancement Program (PEP) Plus	\$40,000
Green Ribbon Concept Design/Application Support	\$31,000
Old Town Lewisville Mill Street Entry Feature Design	\$125,000
SH-121 Plant Material Replacement & Screening Wall	\$182,800
Economic Development Agreements	\$3,828,134
Outside Legal Counsel	\$250,000

General Fund - Fund Balance



General Fund Reserves Plan

	2025	2026	2027	2028	2029	2030	2031
Beginning Fund Balance	49,517,446						
20% Reserve	28,068,721						
Beginning Excess Reserve	21,448,725	14,574,176	9,756,638	7,506,638	7,256,638	7,506,638	7,256,638
Resources							
Annual Contribution	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Uses							
Technology Plan (One-Time)		612,375	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Land Purchases	-	-	-	500,000	-	500,000	-
Outside Legal	198,296	250,000	250,000	250,000	250,000	250,000	250,000
Economic Development	2,392,031	2,323,377	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Facilities *	-	-	2,500,000	-	-	-	-
Miscellaneous/Other	9,284,222	6,631,786	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Total Uses	11,874,549	9,817,538	7,250,000	5,250,000	4,750,000	5,250,000	4,750,000
Ending Excess Reserve	14,574,176	9,756,638	7,506,638	7,256,638	7,506,638	7,256,638	7,506,638
Reserve Stabilization	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Excess Available Reserve	9,574,176	4,756,638	2,506,638	2,256,638	2,506,638	2,256,638	2,506,638

* Funding for facility renovations is currently set aside for Kealy complex and Annex remodels through available CIP cash rather than GF reserves. The balance of the cost for Kealy renovations will be funded using GF cash and utility fund cash in FY2027.

Utility Fund

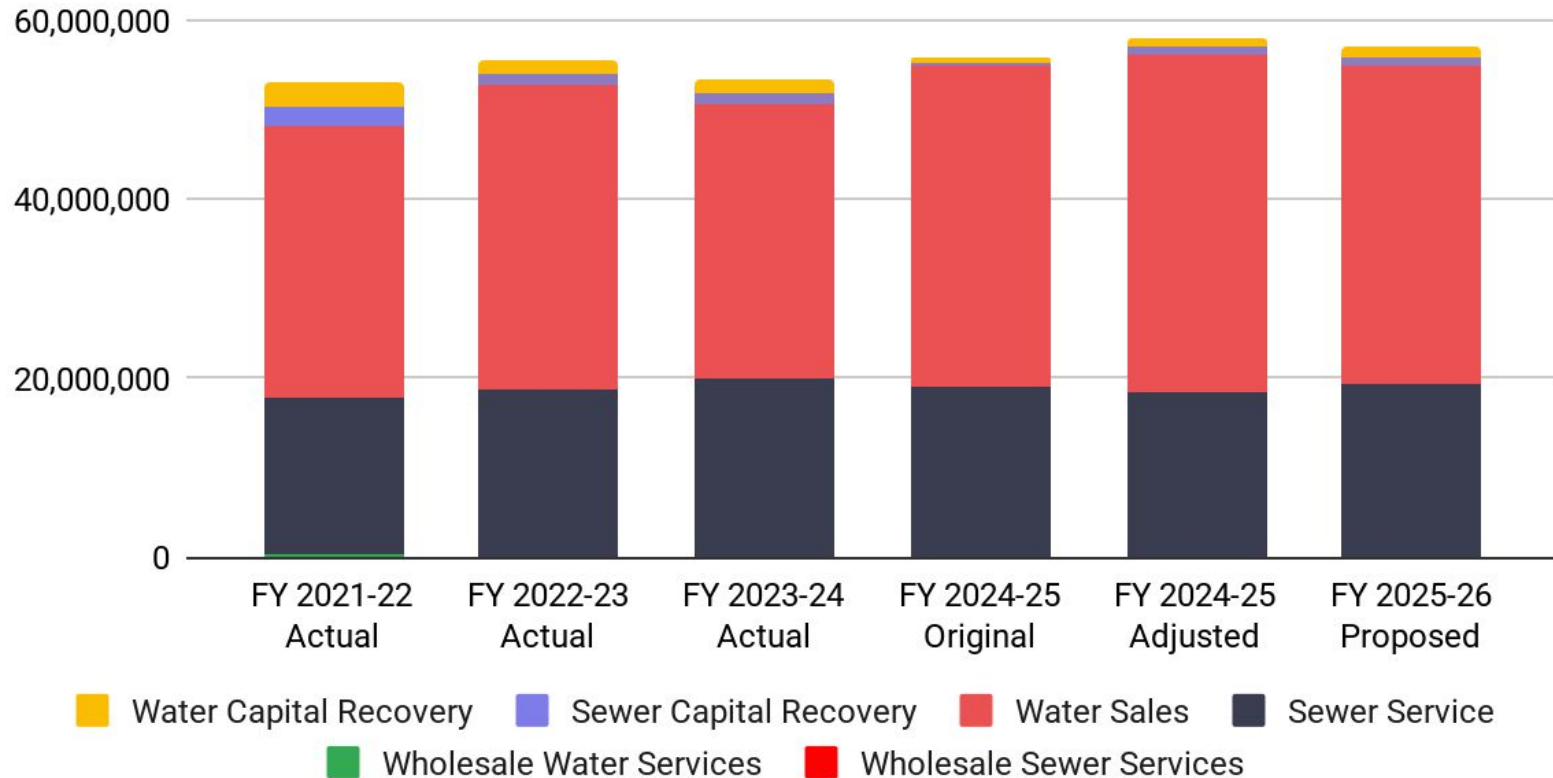
Utility Fund Summary

	FY 2021-2022 ACTUAL	FY 2022-2023 ACTUAL	FY 2023-2024 ACTUAL	FY 2024-2025 ORIGINAL BUDGET	FY 2024-2025 ADJUSTED BUDGET	FY 2024-2025 YTD	FY 2025-2026 PROPOSED
BEGINNING FUND BALANCES	28,655,370	29,579,445	33,636,066	20,861,374	23,317,142	23,317,142	20,262,460
<u>REVENUES</u>							
Utility Revenues	53,689,678	56,023,170	53,811,759	56,386,534	58,382,102	39,783,010	57,688,784
Charges for Services	41,698	35,030	16,928	28,394	28,394	(5,424)	29,756
Investment Earnings and Contributions	185,116	921,488	777,286	712,097	624,043	345,532	640,433
Other Financing Sources	396,590	13,772	22,367	11,047	11,047	13,467	29,196
Transfers In	120,000	120,000	120,000	123,600	123,600	123,600	127,308
Total Revenues	54,433,084	57,113,460	54,748,339	57,261,672	59,169,186	40,260,186	58,515,477

1.1% decrease/ ▼ \$653K

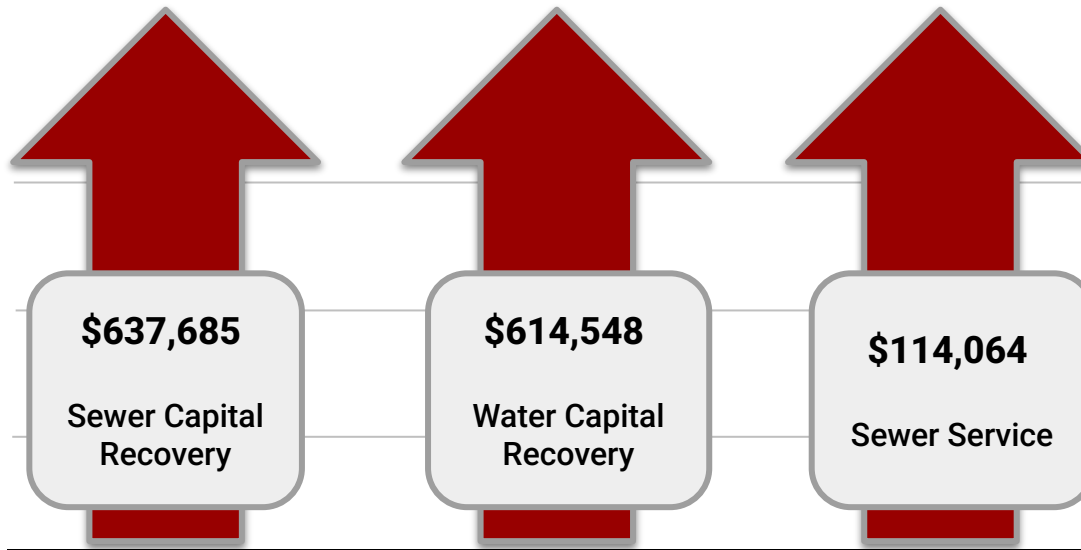
1.02% Increase/ ▲ \$1.25M

Utility Fund Revenue

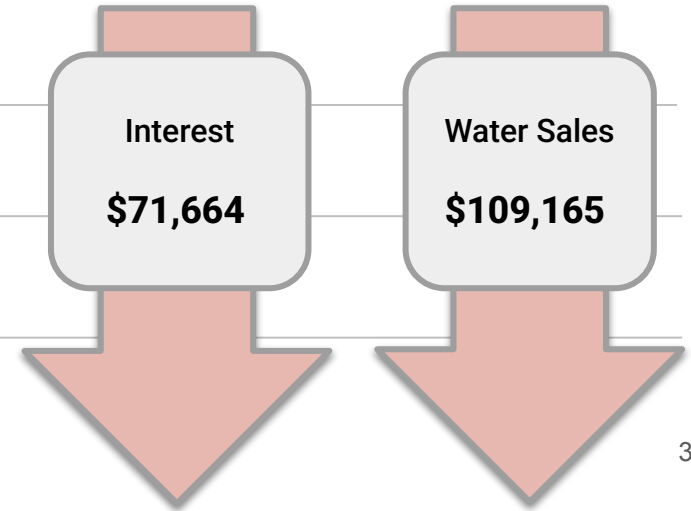


*does not include proposed rate increase

Utility Fund



Major Revenue Modifications



Utility Fund Operating Fund Overview

FY 2026 Proposed Revenues	\$58,515,477
Departmental Base Budgets	\$56,060,830
Add-Backs	\$202,039
New Programs	\$430,162
Expansions, improvements, efficiencies and replacements to existing equipment (Includes DWU bump and DWU/UTRWD rate increase)	\$1,822,446
FY 2026 Proposed Budget	\$58,515,477
Current Revenue - Current Expense Balance	\$0

Expenditures from Utility Fund Balance:

\$3,298,062

Amount Left After 20% (\$11.7M) Reserve:

\$5,261,303

Utility Fund - Use of Fund Balance

FY 2026 Proposed Use of Fund Balance	\$3,298,062
ERP Implementation One-Time Funding	\$87,173
Utility Line Maintenance Repair Crew	\$581,957
Street Cut Repairs increase	\$150,000
Economic Development Agreements (Impact Fees)	\$524,722
Capital Projects Transfers	\$1,954,210

Other Major Funds

Other Funds - Revenue Changes

Hotel Motel

Hotel occupancy tax collections and interest earnings continue to Increase.



Increase

\$269,011

Crime Control

Driven by higher interest earnings due to available reserves



Increase

\$53,854

Fire Control

Interest collections will drop slightly due to use of reserves



Decrease

\$33,090

Drainage Fund

Increase in stormwater fee collections due to current development as well as increased interest allocation



Increase

\$707,930

4B Fund

Driven by higher interest earnings due to available reserves



Increase

\$603,606

HOT Fund Operating Budget Overview

FY 2026 Proposed Revenues	\$3,145,526
Departmental Base Budgets	\$2,493,594
New Programs	\$17,375
Expansions, improvements, efficiencies, and replacements to existing equipment	\$110,427
FY 2026 Proposed Budget	\$2,621,396
Current Revenue - Current Expense Balance	\$524,130

Crime Control Fund Operating Budget Overview

FY 2026 Proposed Revenues	\$5,676,315
Departmental Base Budgets	\$5,369,470
Add Backs	\$131,191
New Programs	\$31,400
Expansions, improvements, efficiencies, and replacements to existing equipment	\$129,257
FY 2026 Proposed Budget	\$5,661,318
Current Revenue - Current Expense Balance	\$14,997
Fund Balance Expenditures	433,510

Fire Control Fund Operating Budget Overview

FY 2026 Proposed Revenues	\$5,771,918
Departmental Base Budgets	\$5,605,752
Add Backs	\$48,450
Expansions, improvements, Efficiencies, and replacements to existing equipment	\$113,990
FY 2026 Proposed Budget	\$5,768,192
Current Revenue - Current Expense Balance	\$3,726
Fund Balance Expenditures	\$347,251

Drainage Fund Operating Budget Overview

FY 2026 Proposed Revenues	\$8,978,090
Departmental Base Budgets	\$3,092,482
Add-Backs	\$50,573
New Programs	\$294,674
Expansions, improvements, efficiencies, and replacements to existing equipment	(\$11,311)
FY 2026 Proposed Budget	\$9,864,974
Current Revenue - Current Expense Balance (moving entire fund balance to CIP)	(\$886,884)

4B Fund Operating Budget Overview

FY 2026 Proposed Revenues	\$12,247,657
Departmental Base Budgets	\$7,973,089
Add-Backs	\$20,616
New Programs	\$334,000
Expansions, improvements, efficiencies, and replacements to existing equipment	\$416,607
FY 2026 Proposed Budget	\$8,744,312
Current Revenue - Current Expense Balance	\$3,503,345
Fund Balance Expenditures	\$1,707,749

OPEB Fund Operating Budget Overview

OPEB Liability Trust Fund

(#610)

This fund accounts for Other Post Employment Benefit liability associated with retiree health claims.

	FY 2021-2022 ACTUAL	FY 2022-2023 ACTUAL	FY 2023-2024 ACTUAL	FY 2024-2025 ORIGINAL BUDGET	FY 2024-2025 ADJUSTED BUDGET	FY 2024-2025 YTD	FY 2025-2026 PROPOSED
BEGINNING FUND BALANCES	5,308,160	5,212,200	4,837,734	5,300,957	4,615,650	4,615,650	14,000,202
REVENUES							
Internal Service Revenues	117,530	101,070	-	115,000	115,000	-	867,854
Investment Earnings and Contributions	124,489	108,916	120,898	116,639	150,868	129,474	122,320
Other Financing Sources	-	-	-	-	2,450,611	2,450,611	-
Transfers In	-	-	-	-	7,252,525	7,252,525	-
Total Revenues	242,019	209,986	120,898	231,639	9,969,004	9,832,610	990,174
Total Resources	5,550,180	5,422,186	4,958,632	5,532,596	14,584,654	14,448,260	14,990,376
EXPENDITURES							
Human Resources	337,980	584,452	342,982	584,452	584,452	-	375,000
Total Expenditures	337,980	584,452	342,982	584,452	584,452	-	375,000
Current Rev. - Current Exp.	(95,961)	(374,466)	(222,084)	(352,813)	9,384,552	9,832,610	615,174
ENDING FUND BALANCE	5,212,200	4,837,734	4,615,650	4,948,144	14,000,202	14,448,260	14,615,376
OPERATING RESERVE: NONE	-	-	-	-	-	-	-
UNDESIGNATED RESERVE	5,212,200	4,837,734	4,615,650	4,948,144	14,000,202	14,448,260	14,615,376

TIRZ 1

381 acres in Old Town

- \$907,625 of Debt service related to Lewisville Grand Theater (LGT)
- TIRZ Administration (\$10,000)
- Set aside for future purchase of land (\$600,000)
- Fund Balance expenditures for ED Agreements (\$1.5M) LGT modifications (800k), and Facade Grants (100k)

TIRZ 2

427 acres in the Southern Gateway (near I-35E and SH121)

- Reimbursement to developer (\$431,004)
- TIRZ Administration (\$10,000)

TIRZ 3

708 acres in Castle Hills (near Sam Rayburn/Business 121 south to FM 544)

- TIRZ Administration (\$50,000)
- Developer Payments (\$4,800,000)
- Debt Service Related to Castle Hills Refunding (\$1,686,814)

TIRZ 4

Approximately 277 acres in the city's Lake District

- TIRZ Administration (\$10,000)
- Maintenance of two parks and medians along Summit Ave (\$43,090)

Base Budget

New Funding by Big Move and Strategic Move



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Green Centerpiece

LLELA Nature Center Design

Amount Requested - \$1,540,000



This request would secure funding to hire a qualified design team for the proposed Nature Center at LLELA.

This request addresses an essential step in advancing the Green Centerpiece Master Strategy. It also aligns with Lewisville 2025 and the Healthy Infrastructure Plan by promoting sustainable development and community engagement.

This Action Step supports Action Priority 9. Secure resources for Nature Center and Green Centerpiece Master Plan

Extending the Green

Extending the Green Items

Railroad Park Master Plan

This funding supports land acquisition near Railroad Park to protect natural areas and expand recreational opportunities.

This Action Step supports Lewisville 2025 and the Green Centerpiece Strategy.

One-time: \$100,000



Duwe/Bennett Park Assessment/Partnership

This request expands the City's agreement with Integrated Environmental Solutions (IES) to support formal assessment and planning for two undeveloped, wooded park properties.

One-time - \$105,000

This funding will support:

- Site surveys and tree inventories
- Management plans tailored to each park
- Seed funding for future stewardship partnerships



Old Town

Red White & Lewisville Hybrid Drone & Fireworks Show

The City Council directed staff to transition from a traditional low-level fireworks show to a hybrid drone and fireworks display at Red White & Lewisville. This change was initially funded as a one-time expense.

This Action Step provides ongoing funding to continue producing the enhanced show, delivering a modern, dynamic experience for the community while addressing safety and environmental concerns.

This Action Step Supports Action Priority 5. Add Activities to Old Town.

On-going - \$34,451



Façade Grant Program

As part of the City's Economic Development Policy, this grant program supports exterior enhancements for businesses in Old Town, including brick repair, signage, awnings, windows, fixtures, landscaping, and lighting.

The investment promotes revitalization and improves the visual appeal of Old Town, helping to draw more visitors and increase foot traffic.

This Action Step Supports Action Priority 5. Add Activities to Old Town.

One-Time - \$100,000



Diverse and Thriving Neighborhoods

New Public Facility Corporation (PFC) Fund

\$559,687



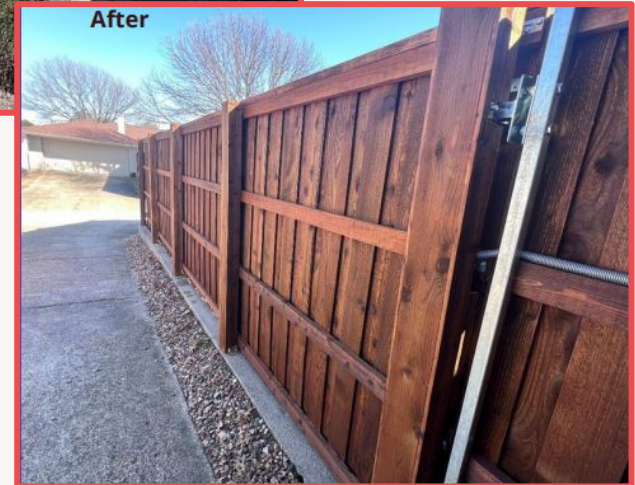
- The Lewisville Public Facility Corporation will provide for the financing, refinancing, acquisition, and construction of public facilities, including, but not limited to, multifamily housing.
- Through tools like public-private partnerships, the PFC plays a key role in closing housing gaps and improving access to quality, attainable housing for residents.
- FY 2026 funding will be used to attract developers for projects through a Notice of Funding Availability (NOFA).
- This new funding supports Action Priority 1. Rehab and Maintain Apartments w/ Affordability Focus.

Neighborhood Enhancement Program (NEP) funding

This Action Step will continue funding for the Neighborhood Enhancement Program (NEP).

- The program provides direct access to funding for neighborhood-led improvement projects
- Since Fall 2019, \$68,697.07 has been awarded to support various neighborhood enhancement projects, such as landscaping, lighting installations, minor infrastructure repairs, etc.
- This Action Step supports Action Priority 6. Improve Access to Jobs, Education, Resources

One-time: \$30,000



Property Enhancement Program (PEP) Plus

The PEP Plus program supports reinvestment in owner-occupied single-family homes built in 1980 or earlier by offering grant assistance for exterior improvements.

- Homeowners may receive a grant of up to 25% of renovation costs
- Eligible improvements include exterior repairs and enhancements that increase curb appeal and housing stability

This initiative encourages long-term investment by residents and improves resident access to funding for home improvements.

This Action Step supports Action Priority 6. Improve Access to Jobs, Education, Resources

One-Time: 40,000



ULM Repair Crew



Adds a 4-person crew to reduce contractor use by expanding in-house capacity for utility line repairs.

In addition to personnel, this Action Step will fund:

- A crew truck
- A dump truck
- A backhoe

One-time - \$582,957

On-going - \$426,662

Public Safety Operations

Future Public Safety Needs

Total Cost: \$729,664

Funding for future operating needs in the Fire Department - An engine company and the future implementation of 4-man staffing are currently being reviewed in the Fire Department. Grant funding has been requested to assist with the Fire Department's additional personnel costs. Staff anticipates a multi-year approach to meeting these needs. This funding represents phase 2.

Increased Library Materials Per Capita Funding

The Library supports self-directed learning and equitable access by maintaining a balanced, high-quality collection of print and digital materials.

To achieve exemplary status by per Texas Public Library Standards (defined as 4.07 materials per capita), the library requires an investment of an additional \$201,632.

This Action Step supports Action Priority 6. Improve Access to Jobs, Education, Resources.

On-Going - \$201,632



Economic Vitality

Business 121 Implementation

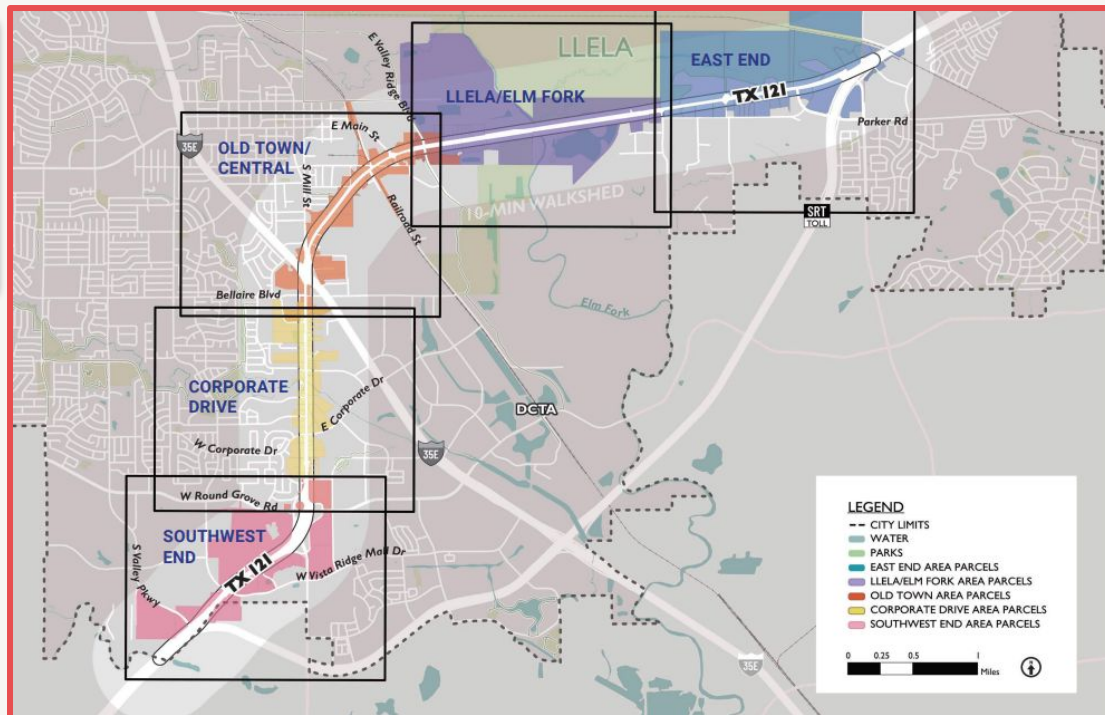
In FY 2025, Council approved a phased implementation strategy for pedestrian improvements along the Business 121 corridor. The Business 121 Corridor Plan was formally adopted on January 27th, 2025.

This Action Step funds an allocation of \$526,700 to support implementation and would serve as the City's grant match for a TxDOT grant application.

The Business 121 Plan incorporates commercial corridor revitalization incentives, aligning with broader redevelopment goals for Central I-35E.

This Action Step supports Action Priority 11. Incentivize Redevelopment of Central I-35E Commercial Areas

One-Time: \$526,700



Identity, Place and Communications

Well House Merchandise and Activation

This request provides funding to expand merchandise and engagement activities at the Well House Visitor Center.

- Supports retail sales of branded items for Visit Lewisville, the Lewisville Grand Theater, Lewisville Live, and City events
- Funding also supports outdoor games and space activation for public engagement
- Revenue from sales (in-person and online) is expected to cover costs in Year 1

On-Going - \$10,000

One-time - \$45,000



Old Town Lewisville Mill Street Entry Feature Design

The second Old Town Lewisville (OTL) entry feature is planned for the recently acquired property at Mill Street, High School Street, and Kealy Avenue.

Scope of this additional funding includes:

- Design of the new entry feature, with Kimley-Horn as the intended consultant (for consistency with Main Street design)

Future funding will be required for construction and broader site improvements.

This Action Step Supports Action Priority 12.
Improve Wayfinding Between Key Destinations

One-Time - \$125,000

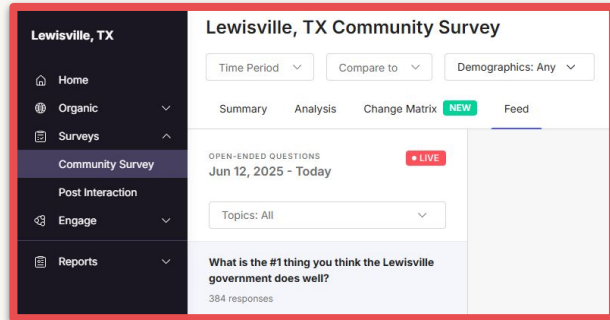


Zencity Community Survey Platform

In mid-year FY 2025, the City began using Zencity's Community Survey platform to replace the previous survey method.

- Zencity provides a representative, demographically aligned survey of Lewisville's residents

One-Time - \$42,498



Both Action Steps Support Action Priority 7. Use Data to Target Community Engagement

Lewisville 2035 Outreach

Funding will help with various public engagement activities, such as marketing, food, and supplies.

- \$10,000 will come from existing operating funds
- Remaining funding will come from available pre-existing project dollars that have accrued interest earnings, meaning no additional impact to the operational budget is necessary

One-Time - \$14,900

Library Interior Signage and Wayfinding Redesign Consultation

This funding will evaluate the interior signage and wayfinding system at the Lewisville Public Library.

- Existing signage was installed during the 2006 renovation and no longer reflects the current facility layout and usage
- 720 Designs Inc. will consult on signage assessment and develop recommendations

Phase 1 includes:

- On-site evaluation and stakeholder input
- Wayfinding analysis
- A rough order of magnitude estimate for future improvements

A future Phase 2 would include full design, specifications, and bid documents for implementation.

This Action Step Supports Action Priority 12. Improve Wayfinding Between Key Destinations.

One-Time - \$13,300



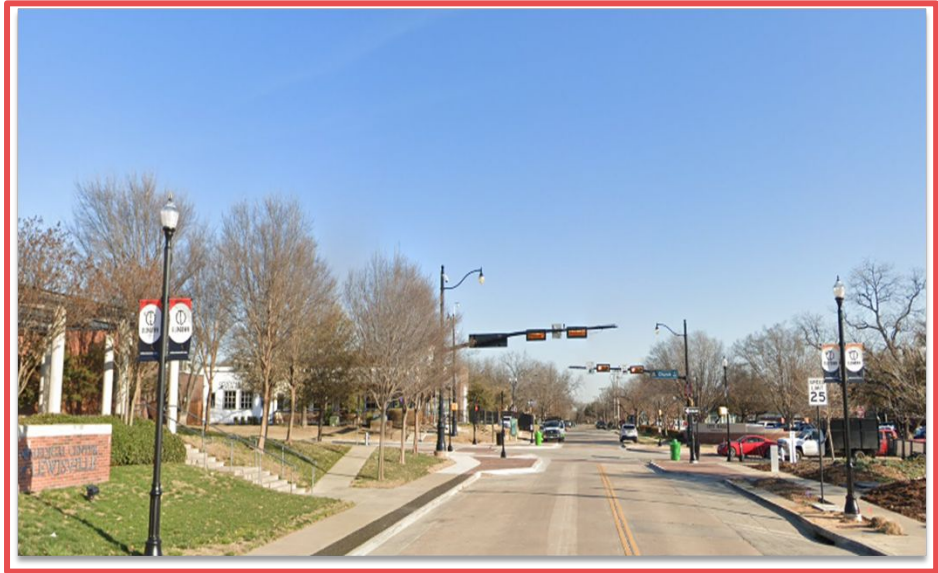
Sustainability

Street Light Replacement/Purchase/System Ownership Conversion

This request would provide funding to transfer ownership of street lights from TNMP/CoServ to the City, convert lighting to LED and provide ongoing maintenance of the lights.

- Streetlights provide public safety - preventing accidents, keeping pedestrians safe
- They are a critical piece of city infrastructure - we have a municipal duty to control the right-of-way
- Privately owned utility results in high and rising costs and limited control

Amount Requested - \$2,626,641



Water Conservation & AMI App Education – Utility Bill Mailers

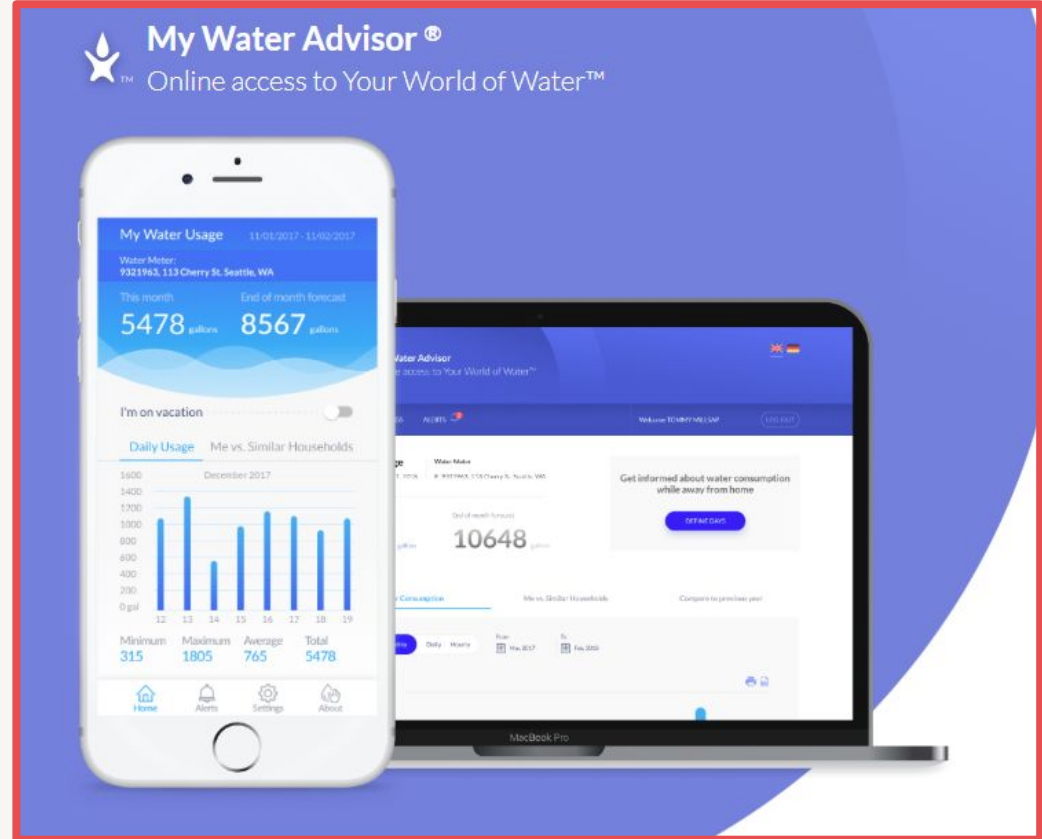
This action step supports public education on water conservation and use of the AMI (Advanced Metering Infrastructure) customer portal app.

This Action Step will allow the City to send four unique mailers per year using DataProse utility bill inserts.

Content will include seasonal conservation tips and app instructions for monitoring water use.

This Action Step Supports Action Priority 7.
Use Data to Target Community Engagement

On-Going - \$3,500



Values-Driven Organization

Compensation Plan & Personnel Resources

\$3,382,690

Compensation Package

A Compensation package totalling **\$3,382,690** is being requested to keep the City's compensation competitive with comparator cities. This was made possible in part by the proposed change to the TMRS non-retroactive COLA rate discussed with Council in June. This package includes:

- 2% Market Adjustments
- 1% Merit Increase
- Step Plan Market Adjustments and Steps
- Job Family Progression

\$21,762

Family and Medical Leave Act (FMLA) Vendor

In addition to the Compensation Package, funding is included for a vendor to administer the FMLA program to align the City with best practices used by comparator cities, while also reducing the administrative burden on Human Resources and improving service for current staff.

Data-Driven Organization

Axon - Base Contract and Enhancements \$1,042,882

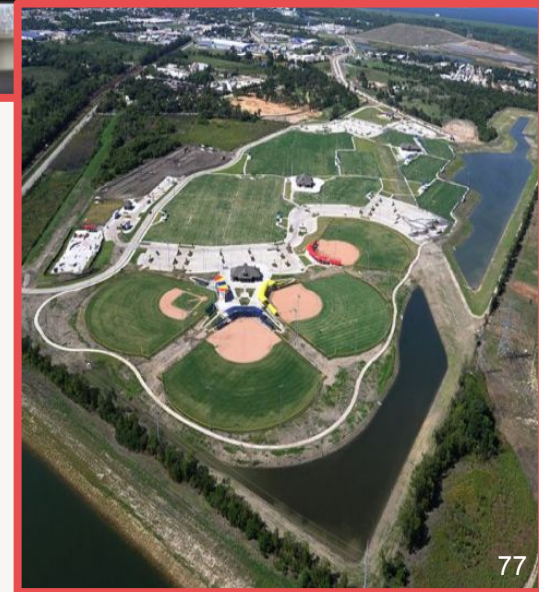
This Action Step secures an enhanced AXON contract to support LPD's public safety operations and expand capabilities through enhanced technologies.

- Provides TASERS, body-worn and in-car cameras, interview room systems, and digital evidence storage
- Includes TASER 10 upgrades, plus enhanced services such as AI tools, drones, FUSUS integration, and unlimited cloud storage
- Ensures continuity of LPD's mission-critical technology platform across field operations, investigations, and evidence management
- Locks in pricing with built-in growth, reducing risk of mid-contract cost increases
- Supports operational efficiency and long-term technology planning across the department



Shark Tank for Park Ops and Programs - \$150,000

This will provide seed money for some of the program innovations, exploration of automated equipment, and customer service improvements identified in the PARD Strategic Plan. In addition, PARD Leadership will provide opportunities for potential Pitch-People to attend workshops and/or lunch and learn sessions to learn about the scoring criteria to be used by the Sharks, get pointers on how to put together a successful pitch, and get technical assistance.



Email Security Service

This Action Step expands the City's existing Managed Detection and Response (MDR) services to include email security monitoring and response for Google Mail.

- Enhances protection by blocking known phishing emails before they reach employee inboxes
- Increases visibility into email-borne threats and malicious campaigns targeting the City
- Enables proactive identification and response to threats before they impact users
- Strengthens the City's overall cybersecurity posture as threats evolve

On-going – \$98,640

Malicious Emails Quarantined

1,488

Not caught by existing controls

Top Threat Category

BEC/Fraud

32% of all attacks

Impersonation Groups

30

Reached 50+ mailboxes each

Clear Pass Expansion

This Action Step provides a grant-required cash match to expand the City's ClearPass network security system across more infrastructure.

- ClearPass is a security platform that controls and monitors who and what can access the City's network, helping block unauthorized devices and reduce cyber threats
- This expansion increases protection from 2,500 to 7,500 endpoints, integrating newer hardware across departments
- Ensures eligibility for grant funding tied to this project
- Strengthens the City's cybersecurity posture and supports the Connected-City initiative

One-time - \$74,108



ERP Implementation One-Time Funding

This Action Step provides one-time funding for temporary, entry-level staffing in HR and Finance to support the City's Enterprise Resource Planning (ERP) system implementation.

- Covers temporary positions including:
 - HR Technician and Accounting Technician
 - Customer Service Representative
 - Overtime for existing HR and Finance staff
- Temporary staff will manage daily operational duties, allowing core personnel to focus on ERP transition tasks
- Positions will be advertised as temporary and will be funded from a project.

This approach ensures continuity of service while enabling successful ERP implementation across departments.

One-Time – \$291,001



Stormwater Utility Fee Billing Audit

This Action Step contracts with Water Company of America to perform system and field audits to identify underbilling and ensure accurate utility charges.

- No upfront cost: vendor is paid a percentage of revenue recovered (e.g., 40% over 48 months)
- Initial focus is on stormwater utility fees, where prior analysis identified \$622,000+ in FY2024 underbilling
- Scope may expand to include water and wastewater based on performance
- Addresses staffing limitations by engaging an expert third-party team to complete the audit efficiently

This initiative improves billing accuracy, supports revenue recovery, and ensures equitable utility charges across the system.

One-time: \$207,074

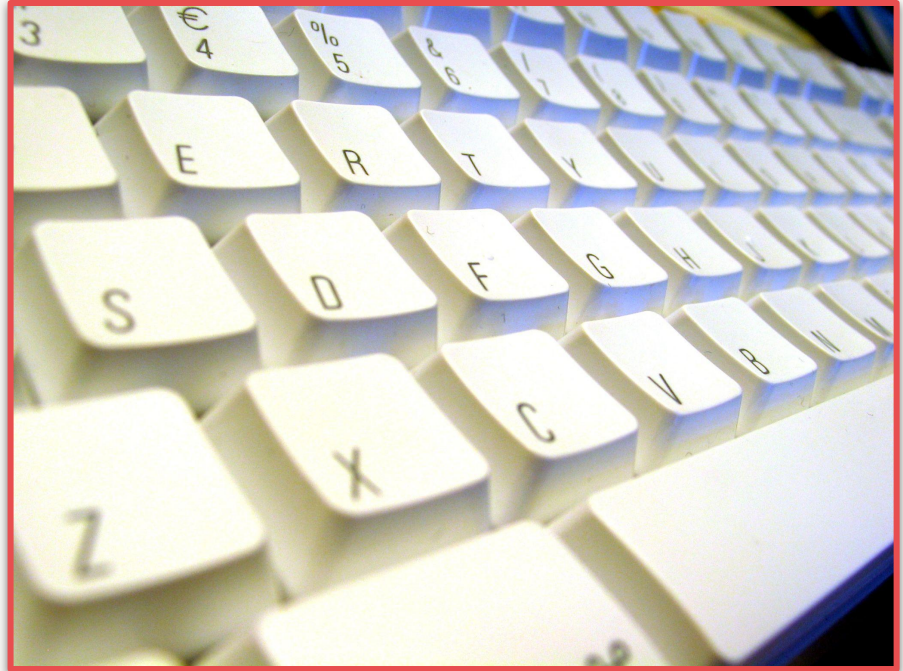


PC Replacement

This Action Step provides funding to replace 220 outdated computers across City departments to improve performance, security, and reliability.

- Improves security by ensuring compatibility with current cybersecurity protocols
- Reduces long-term costs through lower maintenance needs and better operational uptime
- Enhances reliability by minimizing system failures and user disruptions
- Requested amount is based on conservative volume pricing estimates

One-Time – \$449,650



Connected City

WiFi Park Expansion

Expand public WiFi to 5 additional parks using 5G and solar-powered infrastructure.

Each site will support 5–10 users concurrently, with scalability based on usage data. The system also supports cameras and smart park devices to enhance park operations and public safety.

Glory Park, L.L. Woods Park, Alvin Turner Park, and the Vista Ridge Athletic Complex have been identified as potential parks to receive WiFi coverage.

This expansion will increase park WiFi coverage progress to 26.5%

This Action Step supports Action Priority 4. Free Wi-Fi in Parks & Smart Tech in Low-Moderate Income Areas

One-time - \$67,749
On-going - \$3,100



Library Advanced Workstations in Education (AWE) Learning Stations

This action step requests funding to replace four AWE Learning Stations in the Library's Cynthia Bennett Children's Wing.

- AWE Stations are interactive computer units designed for children
- They support early learning in reading, math, and technology use (keyboard and mouse skills)
- The Library has six total stations; two remain usable while four require replacement

This Action Step supports Action Priority 6. Improve Access to Jobs, Education, Resources.

One-Time - \$16,085



Traffic Signal/Intersection Improvements

Provides funding for signal improvements based on warrant studies and misc. intersection improvements precipitated by resident input and staff observation.

Possible signal locations include:

- East College at Valley Ridge
- Valley Ridge at North Kealy
- FM544 at Killian Middle School (design only - TxDOT grant will pay construction)

One-Time: \$500,000



Infrastructure and Equipment-Related Requests

Renovation of Municipal Annex

Funding will be added to existing capital project budget to assist with renovation costs. Scope of work is currently under review.

- Funding will come from available pre-existing project dollars that have accrued interest earnings, meaning no additional impact to the operational budget is necessary

One-Time - \$1,000,000

Renovation of Steven L Bacchus Public Services Center

Funding will be added to existing capital project budget to assist with renovation costs. Conceptual design is under way.

- Funding will come from available pre-existing project dollars that have accrued interest earnings, meaning no additional impact to the operational budget is necessary

One-Time - \$500,000

Previously, the General Fund reserves plan called for \$1.5M in reserves to be used towards facilities. We are able to utilize this other funding source instead to fund these two projects.

Unplanned Facility Renovations/Modifications

Amount Requested - \$300,000

Funding for unforeseen repairs and renovations across all City facilities. This funding is needed to maintain operational continuity when urgent issues arise that were not previously planned for in our annual maintenance schedules. Examples of these unforeseen needs include:

- Emergency HVAC system failures that require immediate replacement or repair to restore comfort and safety.
- Sudden plumbing, electrical, or structural issues that jeopardize the function or safety of our facilities.

Funding will also be used to modify existing facilities. This could range from just adding a few walls to remodeling an entire space.

One-Time - \$300,000



2026 Dallas Water Utilities Rate Bump

This Action Step budgets for a 1.0 MGD increase in purchased water from DWU beginning June 2026.

- Supports projected growth in water demand and provides a buffer for peak usage or emergency scenarios
- Offsets expected reduction in output from the City's Water Treatment Plant
- DWU requires 6-month advance notice for intake adjustments due to regional supply pressures

This adjustment ensures reliable water supply and positions the City to meet future demand responsibly.

Ongoing - \$588,890

Purchased Water Rate Increase (DWU/UTRWD Rates)

This Action Step provides funding to accommodate proposed FY 2026 rate increases from both Dallas Water Utilities (DWU) and Upper Trinity Regional Water District (UTRWD).

DWU Proposed Rate Changes

- Untreated Water Rate: +9.3%
- Treated Volume Rate: +12.3%
- Demand Rate: -0.12%

UTRWD Proposed Rate Changes

- Treated Volume Rate: +10.3%
- Demand Rate: +3.4%

On-going - \$913,815

Public Safety Vehicle Technology Refresh (5-Year Plan)

This Action Step funds the scheduled 5-year refresh of computers and connectivity equipment for Police and Fire departments, using annual lease contributions made by departments set aside in the Maintenance & Replacement Fund.

One-Time – \$1,358,511

Vitripave (Thrive, Nature Park, Wayne Ferguson Plaza)

This Action Step funds the installation of Vitripave surfacing in three high-use park areas to improve safety, durability, and maintenance efficiency.

- Thrive: Replaces decomposed granite that tracks debris indoors, increasing custodial demands and flooring wear
- Thrive Nature Park: Addresses erosion and shifting trails by replacing unstable decomposed granite with a stable, weather-resistant surface
- Wayne Ferguson Plaza (Competition Area): Replaces uneven black Flexipave with cleaner, safer, and event-ready surfacing, completing recent upgrades

One-Time – \$184,000



Finished Product at Wayne Ferguson Plaza



Traffic Signal Detection Replacement



Amount Requested - \$210,500

This funding continues a multi-year plan to replace failing traffic signal video detection systems.

- Older GridSmart systems are experiencing frequent failures due to water damage, overheating, and power issues
- The vendor has no planned fixes, and neighboring cities have stopped using the system
- The City is switching to Iteris detection systems, which offer advanced detection, traffic counts, and improved reliability
- Three intersections currently use Iteris with no reported issues

This action supports the Public Services Business Plan and aligns with Council's City Infrastructure and Facilities priority.

One-Time – \$210,500

Traffic Controllers and Cabinets Replacement

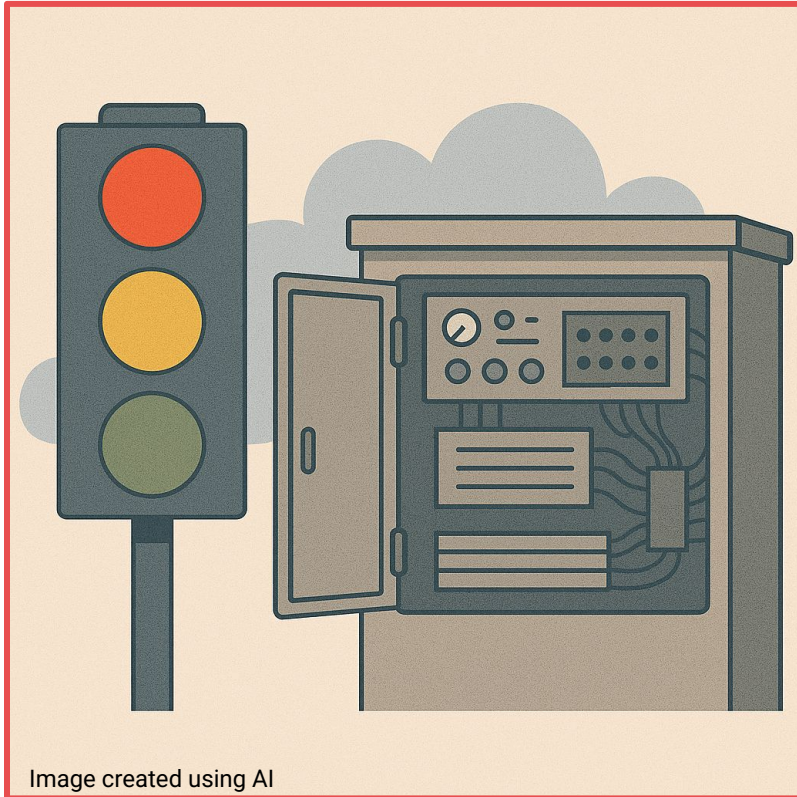


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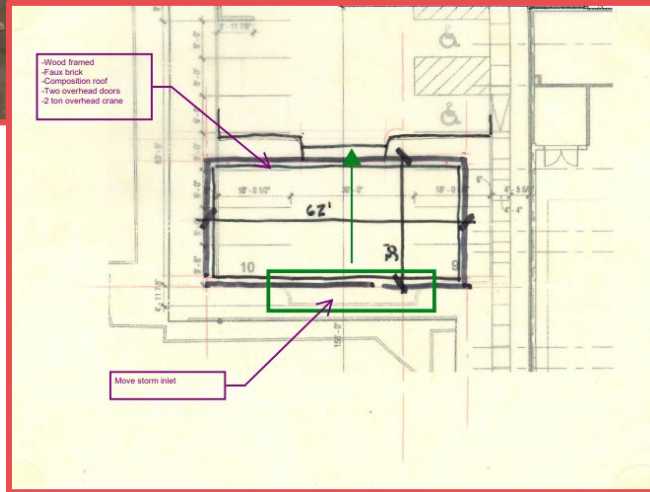
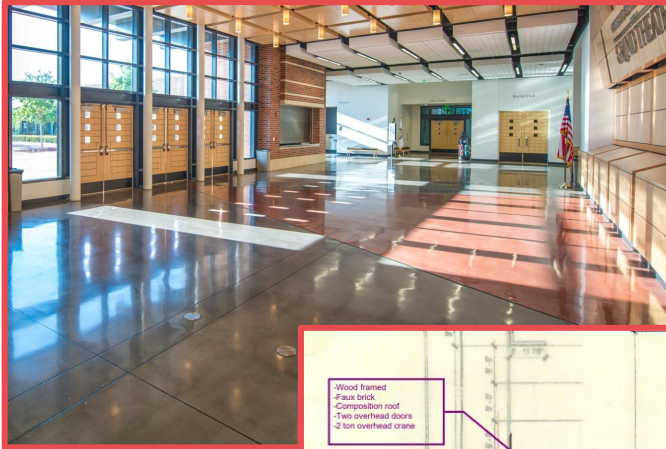
Amount Requested - \$250,000

This Action Step requests one-time funding of \$250,000 to continue the City's multi-year program to replace outdated and damaged traffic controllers and cabinets.

- Many original units are 20–30 years old and no longer meet operational or safety standards
- Over the past three years, approximately 60% of the outdated infrastructure has been replaced

One-time - \$250,000

Lewisville Grand Theater Building Modifications



Amount Requested - \$1,506,717

This Action Step requests \$1,506,717 in one-time funding for the first phase of the “Home Refresh” plan presented at the 2023 City Council retreat.

- Prioritizes cost-effective improvements that deliver the greatest impact for the cost
- Includes storage expansion, lighting upgrades, A/V improvements, and lobby enhancements
- Strengthens the Lewisville Grand Theater’s role as a cultural anchor and visitor attraction in Old Town

One-Time - \$1,506,717

Infrastructure & Equipment (Continued)

FY 2026 Funded Action Steps	
Additional Funds for Janitorial Contract	\$116,809
Stryker Lucas Device Replacement	\$166,235
Oceanbotics ROV	\$122,465
Utility Line Maintenance Materials & Street Cut Repairs	\$293,826
Additional Funding for Vehicle Parts + Fleet OT budget	\$255,652
Brine X-Treme Advantage Brine Maker	\$70,900
Mowing Contract Increases	\$224,732
Backup Storage Expansion	\$60,000
Prairie Creek Study and Litter Abatement	\$57,500

Summary of Base Budget

New funding and the use of fund balance for Fiscal Year 2025-26 is being used primarily to address the Strategic Move of operating the city as a **Values Driven Organization** at **15.3%** of expenditures.

The Big Move to promote **Sustainability** received the second most amount of funding at **11.8%** of expenditures.

The Big Move **Diverse and Thriving Neighborhoods** received the third most amount of funding at **11.5%** of expenditures.

Despite not being a Big Move or Strategic Move, **Infrastructure & Equipment** received a large amount funding at **36.7%** of Expenditures

Residential Municipal Cost of Service Comparison (per City of Carrollton's Published Analysis)

RESIDENTIAL MUNICIPAL COST OF SERVICE COMPARISON

OVERALL RANK	CITY	POP. ^(a)	VALUE ^(b)	HOMESTEAD VALUE	TAX RATE	HOMESTEAD EXEMPTION	CITY SALES TAX RATE	ANNUAL PROPERTY TAXES ^(c)	ANNUAL WATER CHARGE ^(d)	ANNUAL SEWER CHARGE ^(e)	ANNUAL DRAINAGE CHARGE ^(f)	ANNUAL SANITATION CHARGE ^(g)	TOTAL ANNUAL CHARGE	COMBINED WATER & SEWER	SALES TAX
1	Lewisville	137,315	\$ 437,553	1.000	0.422435	0%	1.25%	1,848							
4	Waxahatchie Branch	39,070	\$ 437,553	0.800	0.541500	20%	1.00%	1,895	1,043	575	0	0	3,513	1,618	0.0825
5	Plano	294,152	\$ 437,553	0.800	0.417600	20%	1.00%	1,462	849	1,103	63	229	3,706	1,952	0.0825
6	Allen	106,009	\$ 437,553	0.950	0.418900	5%	2.00%	1,741	937	921	42	235	3,876	1,858	0.0825
7	Frisco	231,768	\$ 437,553	0.850	0.425517	15.0%	2.00%	1,583	965	1,074	73	286	3,980	2,038	0.0825
8	Addison	17,835	\$ 437,553	0.800	0.609822	20%	1.00%	2,135	792	739	202	185	4,053	1,531	0.0825
9	Irving	264,546	\$ 437,553	0.800	0.589100	20%	1.00%	2,062	738	719	120	458	4,097	1,457	0.0825
10	Fort Worth	1,001,741	\$ 437,553	0.800	0.677300	20%	1.00%	2,371	768	773	83	227	4,222	1,541	0.0825
11	McKinney	214,871	\$ 437,553	1.000	0.415513	0%	2.00%	1,818	1,085	1,036	54	257	4,250	2,121	0.0825
12	Denton	154,189	\$ 437,553	0.995	0.585420	0.5%	1.50%	2,549	629	724	65	330	4,297	1,353	0.0825
13	Grand Prairie	209,231	\$ 437,553	0.825	0.660000	17.5%	1.75%	2,382	785	885	65	238	4,355	1,670	0.0825
14	Dallas	1,356,479	\$ 437,553	0.800	0.704700	20%	1.00%	2,467	719	775	98	516	4,575	1,494	0.0825
15	Richardson	122,678	\$ 437,553	1.000	0.542180	0%	1.00%	2,372	1,215	725	63	326	4,701	1,940	0.0825

Discuss Recommendations for Unfunded Items

Unfunded - General Fund

Priority #1: Civil Engineer - Project Manager

Image created using AI



Amount Requested - \$154,580

This Action Step is being requested to add one Civil Engineer position (1 FTE) to increase project management capacity.

27 projects are scheduled to begin between FY 2026 and 2028.

Priority #2: Research and Development Specialist

Image created using AI



Amount Requested - \$117,574

This Action Step is being requested to establish a Research & Development Specialist position in the Police Department to support critical technology and accreditation functions.

This role formalizes ongoing responsibilities currently handled by a sworn Sergeant and addresses audit-identified risks, supports CAD/RMS and other key systems, maintains accreditation standards, and strengthens collaboration with City Information Technology Services and vendors, ensuring long-term efficiency, compliance, and accountability.

Priority #3: Street Infrastructure Funding



**Amount Requested -
\$1,837,523**

This unfunded street maintenance request is for an additional \$1.8M for general street maintenance capital expenditures based on the Infrastructure Funding Analysis performed in 2023.

Priority #4: Two Police Lieutenants

Image created using AI



Amount Requested - \$452,861

Two Police Lieutenants:

The Lewisville Police Department requests two Police Lieutenant positions, along with associated equipment and technology, in FY 2026 to address a longstanding gap in its supervisory structure.

Without a mid-level rank between Sergeant and Captain, current leadership is stretched thin, resulting in coverage gaps on nights, weekends, and holidays. This request begins a phased approach to strengthening supervision and operational continuity.

An additional component of this funding is being proposed to correct compression issues derived from adding a new rank between Sergeants and Captains.

Priority #5: ITS - Training / Certification Funding Per Employee

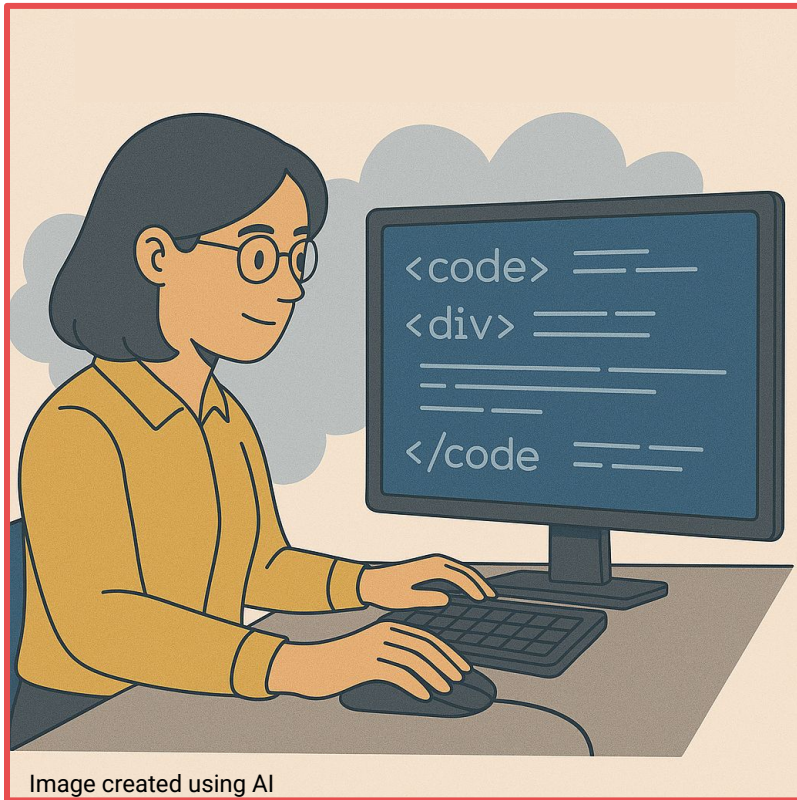


Image created using AI

Amount Requested - \$35,000

This funding is requested to increase per-employee training and certification funding for the ITS department from \$971 to \$1,971 annually.

This Action Step would provide a \$1,000 increase per ITS employee, ensuring the 35 staff members have access to the critical certifications and training opportunities necessary for modern IT service delivery and cybersecurity.

Priority #6: Housing Toolkit Initiatives

Amount Requested - \$40,000

This funding is being requested to allocate \$40,000 on one-time funding in FY 2025–26 to support initiatives under the City's Affordable Housing Toolkit.

This funding will expand first-time homebuyer education, housing collaborative efforts, staff development, and pilot economic mobility programs for older adults and Lewisville ISD families, advancing City Council's strategic priority on Affordable Housing.

This Action Step supports Action Priority 6. Improve Access to Jobs, Education, Resources.

Priority #7: AI Commercial Plan Review

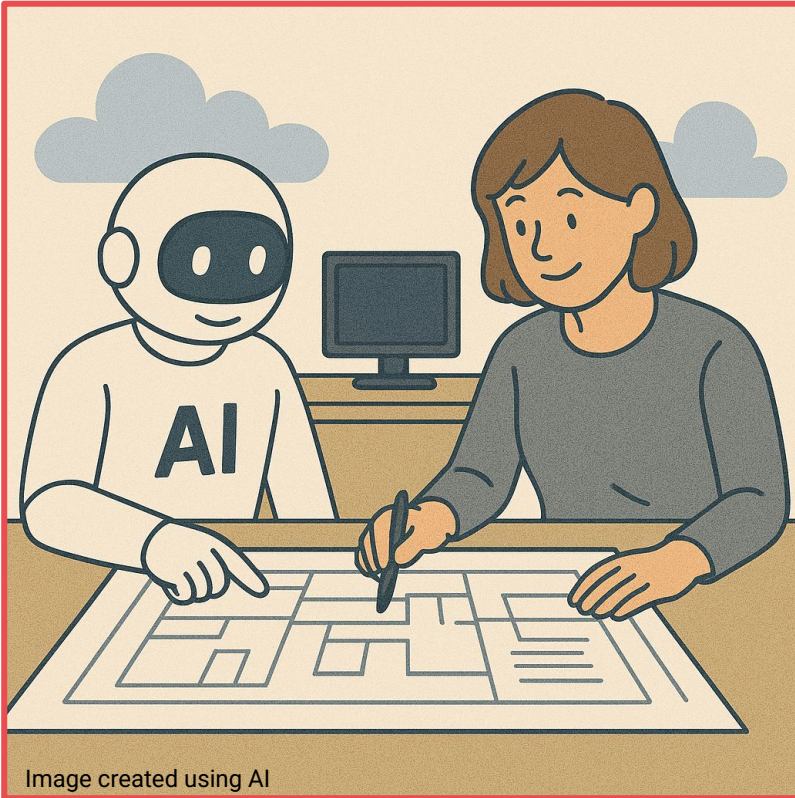


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Amount Requested - \$68,000

To improve efficiency and consistency in building plan reviews, staff is requesting funding for an AI-powered plan review platform provided by Blitz AI.

This tool performs rapid, in-depth code compliance checks, reducing review times from days to minutes, decreasing human error, and improving permit turnaround.

This request will fund a customizable subscription that includes AI assistance for Commercial (\$48,000) and Fire (\$20,000) plan reviews.

This Action Step will fund a one year trial of Blitz-AI, during which, City staff will assess the service's functionality and consider renewal of the subscription.

Priority #8: ITS Drone Program

Amount Requested - \$160,000

This Action Step is being requested to establish a drone program within the ITS Department to enable automated infrastructure inspections and mapping.

The first-year investment covers equipment, training, and support to obtain necessary FAA waivers and authorization.

This program offers significant value across multiple departments by enabling ITS to provide centralized support for drone operations.

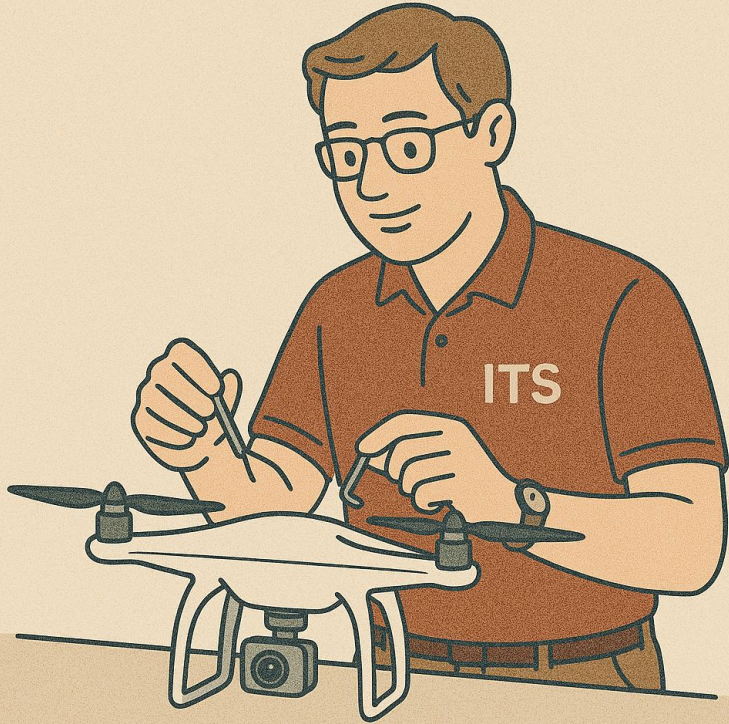


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Priority #9: “.gov” DNS and Security



Total Amount Requested - \$21,112

This Action Step will fund a Domain Naming Service (DNS) and website security system for the new .gov City of Lewisville domain.

Priority #10: Traffic Controllers and Cabinets Replacement

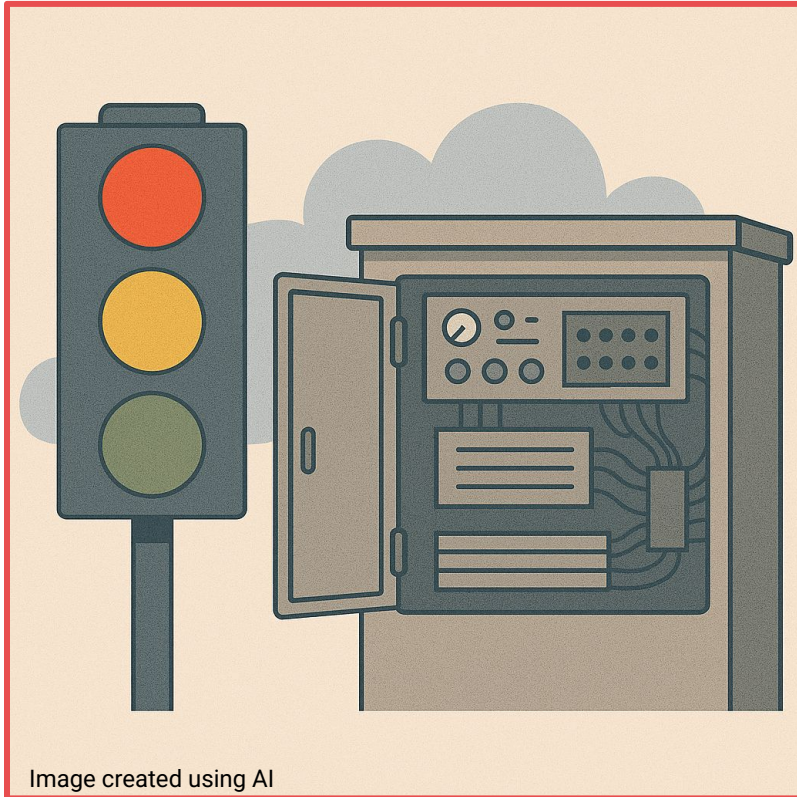


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Amount Requested - \$250,000

This request is for an additional \$250,000 to continue the City's multi-year effort to replace outdated and damaged traffic controllers and cabinets across the transportation network.

- Many original units are 20–30 years old and no longer meet operational or safety standards
- Over the past three years, approximately 60% of the outdated infrastructure has been replaced
- This additional funding will increase coverage to roughly 80% replacement completion citywide

Priority #11: Traffic Signal Detection Replacement



Amount Requested - \$210,500

This additional funding continues a multi-year plan to replace failing traffic signal video detection systems.

- Older GridSmart systems are experiencing frequent failures due to water damage, overheating, and power issues
- The vendor has no planned fixes, and neighboring cities have stopped using the system
- The City is switching to Iteris detection systems, which offer advanced detection, traffic counts, and improved reliability
- Three intersections currently use Iteris with no reported issues

This action supports the Public Services Business Plan and aligns with Council's City Infrastructure and Facilities priority.

Priority #12: Unplanned Renovations and Repairs

Image created using AI



Amount Requested - \$200,000

This request adds an additional allocation of \$200,000 to the capital project for unplanned repairs, in addition to the \$300,000 funded from the General Fund. This project supports urgent, unplanned repairs and renovations across City facilities.

- Used when issues fall outside planned maintenance schedules
- Examples include:
 - Emergency HVAC failures
 - Storm-related roof damage
 - Plumbing, electrical, or structural issues that impact safety or operations
- Also used to remodel existing spaces, ranging from minor wall additions to full renovations

Priority #13: Centralized Volunteer Management

VOLUNTEER COORDINATOR



Image created using AI

Amount Requested - \$40,094

To streamline volunteer coordination, relieve staff burden, and break barriers for volunteers, this proposal recommends centralizing volunteer management through dedicated software and the creation of a part-time Volunteer Coordinator role.

This Action Step will standardize practices, improve volunteer engagement, and enhance service delivery across departments.

Priority #14: Police Department: Overtime Budget Increase



Amount Requested - \$378,959

This funding request supports sustained public safety operations by addressing ongoing overtime needs in the Lewisville Police Department (LPD).

- The request is for \$378,959 increase to the Police Department's General Fund overtime budget
- Despite strong hiring, staffing gaps remain due to vacancies, training cycles, and critical needs in Dispatch, Detention, and Patrol
- The request includes Medicare and TMRS costs associated with overtime

Priority #15: Traffic Signal/Intersection Improvements - \$500,000

This request is for additional funding for signal improvements based on warrant studies and misc. intersection improvements precipitated by resident input and staff observation. The proposed funding, when added to base funding, would cover either two signals or one signal and an intersection improvement at Oakridge @ Lake Park Rd.

Possible signal locations include:

- East College at Valley Ridge
- Valley Ridge at North Kealy
- FM544 at Killian Middle School (design only - TxDOT grant will pay construction)



General Fund

1	Civil Engineer - Project Manager - \$154,580
2	Research and Development Specialist - \$117,574
3	Street Infrastructure Funding - \$1,837,523
4	Two Police Lieutenants - \$462,861
5	ITS Training Increase - \$35,000
6	Housing Toolkit Initiatives - \$40,000

7	AI Commercial Plan Review - \$68,000
8	ITS Drone Program - \$160,000
9	".gov" DNS and Security - \$21,112
10	Traffic Controllers and Cabinets Replacement - \$250,000
11	Traffic Signal Detection Replacement - \$210,500
12	Additional Funding for Unplanned Renovations and Repairs - \$200,000

General Fund Cont.

13 Centralized Volunteer Management - \$40,094

14 LPD Overtime Budget Increase - \$378,959

15 Traffic Signal/Intersection Improvements -
\$500,000

Discussion of Utility Billing Credit Card Fees

Credit Card Fees - Utility Bill Payments

Rationale for Passing Credit Card Fee to Customers

- Growing cost burden - becoming more costly to absorb as more customers opt for card payments.
- Opportunity to reallocate budget - redirecting these funds to support essential operating expenditures such as system maintenance or cash capital.
- Multiple payment alternatives - customers have alternatives to pay, including ACH and online bill pay.
- Equity & fairness - currently all utility customers are subsidizing credit card users through the general water rate structure. Shifting the fee to the card user aligns cost responsibility with usage.
- Common practice - a number of our survey cities we use to benchmark already pass along credit card fees to the customer.
- **Implementation** - reduce the credit card processing fee budget by 50%, reallocating those funds to support cash contributions to the Capital Improvement Program (CIP). This phased approach provides a transitional period for customers to adapt to the new billing policy.

Tax Rate Information

Certified Rolls & Rate Calculation

- By July 25, the chief appraiser shall prepare and certify the appraisal roll to the taxing units. To issue certified rolls, the appraisal district must have approved property values totaling at least 95% of the total appraised value (i.e., no more than 5% of values may remain under review or protest).
- If more than 5% of the property values are still under review or protest as of July 25, the appraisal district may issue certified estimates instead of certified rolls.
- For FY 2026, both the Dallas and Denton Appraisal Districts approved values exceeding the 95% threshold; therefore, the City received certified rolls and was able to proceed with tax rate calculations.

Truth-in-Taxation

Current Texas Tax Code and Local Government Code contains the Truth-in-Taxation concept, which requires the calculation of two rates, No-New-Revenue and Voter Approval Rates.

- No-New-Revenue Rate

- Rate that provides the City with the same amount of revenues as the previous year on properties taxed in both years - 2025 No-New-Revenue Rate: **.409667**

- Voter-Approval Rate

- Highest rate that may be adopted before triggering an automatic election to limit the rate
- Provides the same amount of tax revenue as the previous year for M&O, plus 3.5% - 2025 M&O Voter-Approval Rate: **.296689**
- Debt Service (I&S) portion = debt payments/property values - 2025 I&S Rate: **.122320**
 - Debt payments can be offset with other resources (fund balance, 4B, UF, TIRZ funds)

- Voter-Approval Rate - Adjusted for Unused Increment

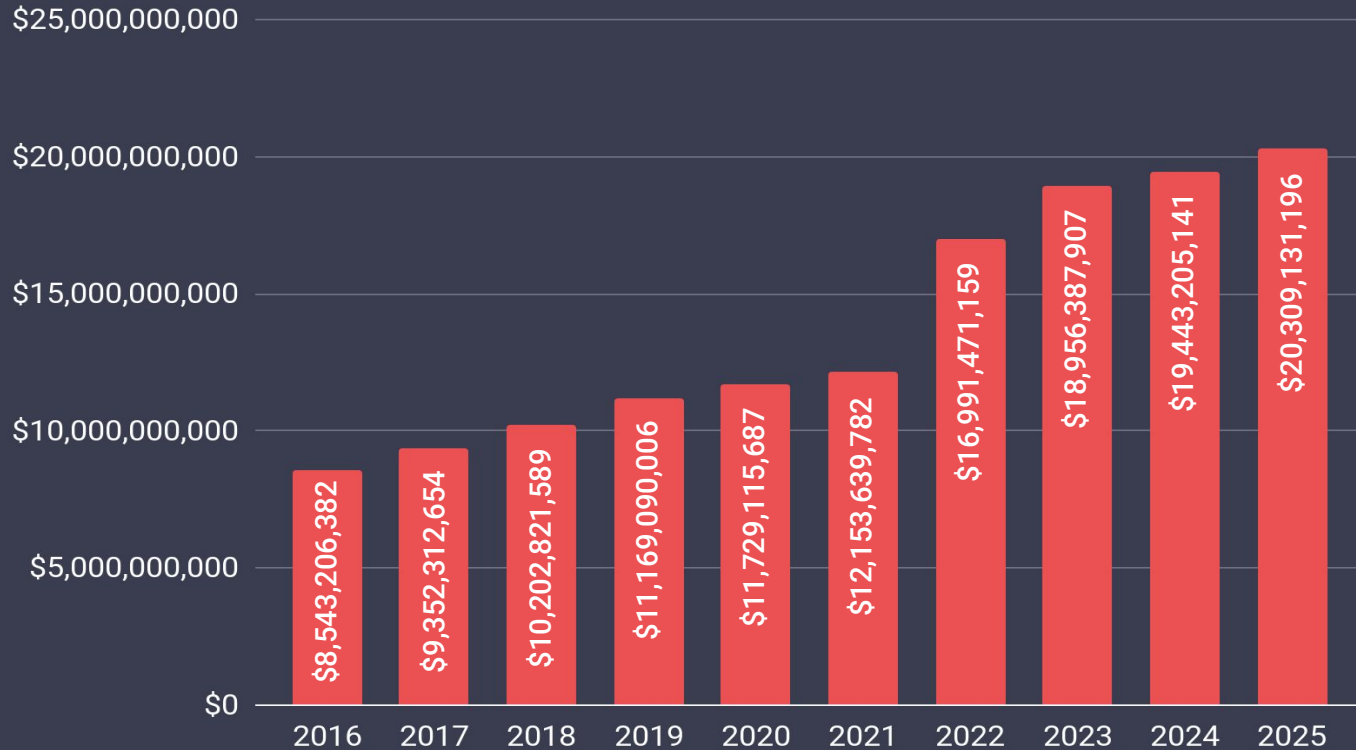
- Unused increment is the rate equal to the difference between the adopted and voter-approval rate
- There is no unused increment available for 2026
- 2025 M&O Voter Approval Rate, including unused increment: **.419009**

- Current Tax Rate - **.422435**

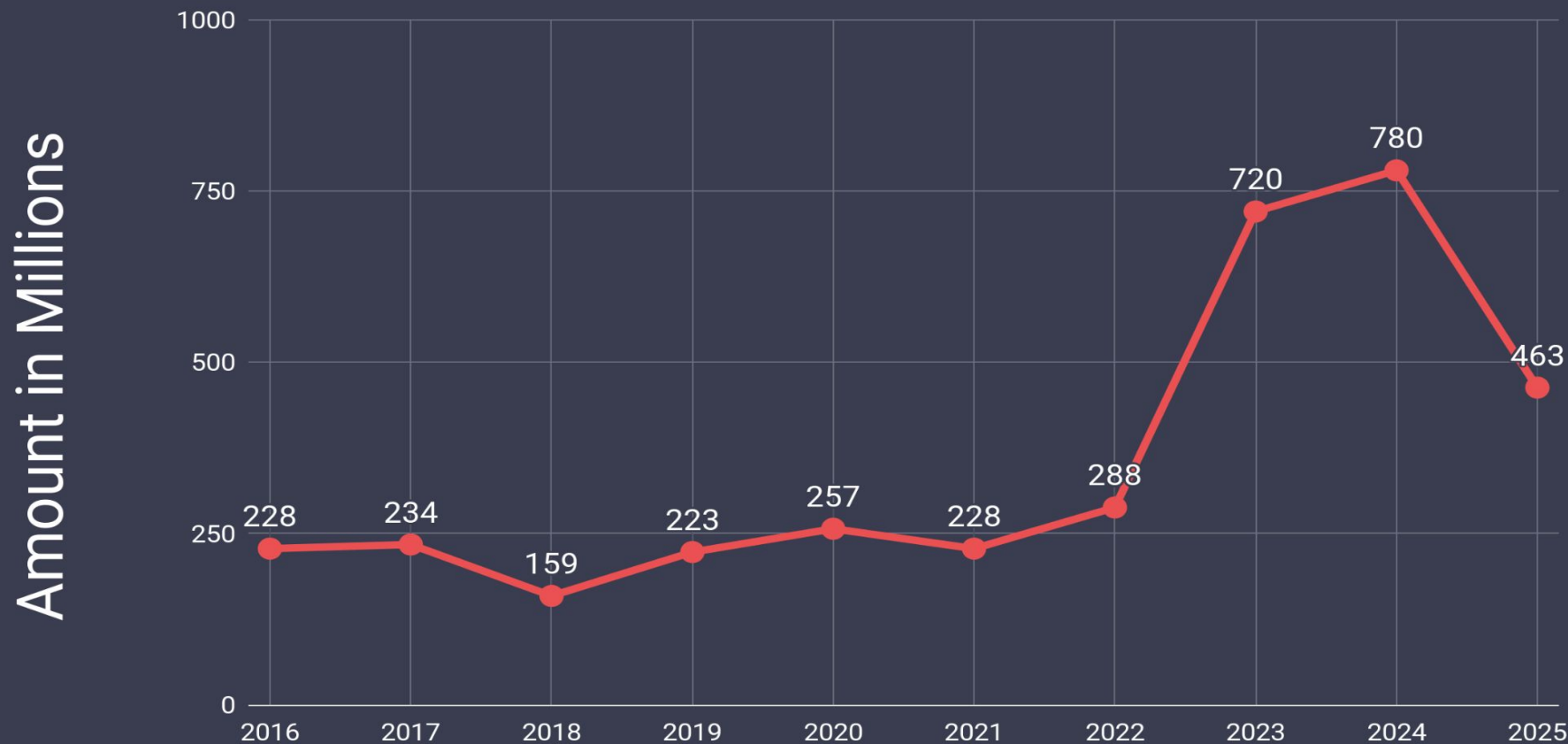
Property Net Taxable Value Changes

Values		
2024-25 Certified Net Taxable	\$19,443,205,141	
2024-25 Final Taxable Value (includes supplemental roll adjustments)	\$19,281,053,645	
2025-26 Certified Net Taxable	\$20,309,131,196	4.45%
		5.33%
4.45% above 24-25 Certified Roll and 5.33% above Final Roll		
New Value - Improvements		
2023-24	\$780,353,968	
2024-25	\$462,686,227	
Change	(\$317,667,741)	(40.7%)

Lewisville Net Taxable Assessed Value



Trend in New Improvements

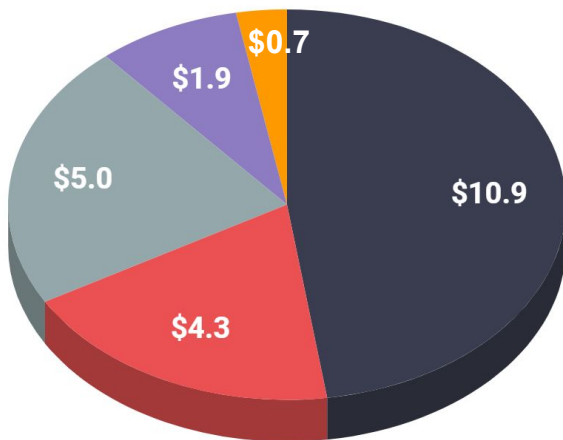


Diversified Tax Base (Assessed Value)

PROPERTY USE CATEGORY	APPROVED	2024 UNDER REVIEW	TOTAL	% 2024 Base	APPROVED	2025 UNDER REVIEW	TOTAL	DIFFERENCE 2024 vs. 2023	% CHANGE CATEGORY	% 2025 Base
A: Real, Single-Family Residential	10,864,677,348	23,642,101	10,888,319,449	47.69%	11,347,648,305	18,467,620	11,366,115,925	477,796,476	4.39%	46.83%
B: Real, Multi-Family Residential	4,343,090,674	192,089	4,343,282,763	19.02%	4,713,679,430	202,514	4,713,881,944	370,599,181	8.53%	19.42%
C: Real, Vacant Lots & Tracts	245,712,624	2,166,695	247,879,319	1.09%	252,582,646	799,524	253,382,170	5,502,851	2.22%	1.04%
D: Real, Qualified Open Space & Impr	57,241	-	57,241	0.00%	31,490	414	31,904	(25,337)	-44.26%	0.00%
E: Real, Non-Qualified Rural Land & Impr	45,983,705	232,293	46,215,998	0.20%	115,288,368	88,856	115,377,224	69,161,226	149.65%	0.48%
F: Real, Commercial & Industrial	5,032,568,831	846,677	5,033,415,508	22.05%	5,266,105,753	4,411,725	5,270,517,478	237,101,970	4.71%	21.71%
G: Real, Oil, Gas, & Other Mineral Interests	1,350,981	-	1,350,981	0.01%	1,190,967	-	1,190,967	(160,014)	-11.84%	0.00%
H: Tangible Personal, Vehicles & GIT	-	-	-	0.00%	-	-	-	-		0.00%
J: Real & Intangible Personal, Utilities	238,742,915	373,244	239,116,159	1.05%	251,816,222	-	251,816,222	12,700,063	5.31%	1.04%
L: Personal Property, Business	1,882,196,962	13,259,337	1,895,456,299	8.30%	2,152,049,963	5,091,448	2,157,141,411	261,685,112	13.81%	8.89%
M: Personal Property, Mobile Homes & Other	20,213,940	-	20,213,940	0.09%	23,243,841	-	23,243,841	3,029,901	14.99%	0.10%
N: Intangible Personal Property	-	-	-	0.00%	-	-	-	-		0.00%
O: Real, Residential Inventory	23,465,562	-	23,465,562	0.10%	27,614,529	-	27,614,529	4,148,967	17.68%	0.11%
S: Special Inventory	92,586,440	-	92,586,440	0.41%	93,065,363	-	93,065,363	478,923	0.52%	0.38%
Total Appraised Value	22,790,647,223	40,712,436	22,831,359,659	100.00%	24,244,316,877	29,062,101	24,273,378,978	1,442,019,319	6.32%	100.00%
Total Exempt Property	953,723,917	-	953,723,917	100.00%	1,192,019,775	-	1,192,019,775	238,295,858	24.99%	100.00%

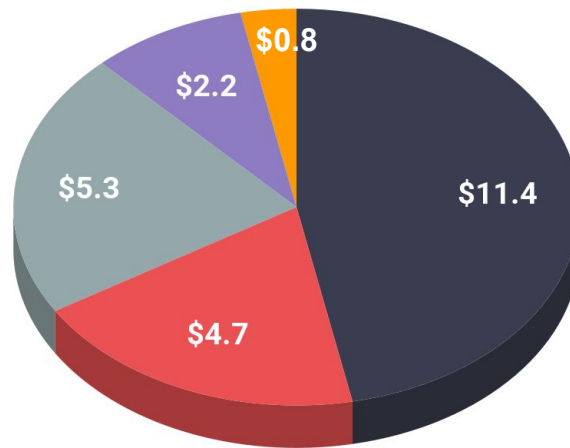
Diversified Tax Base - Assessed Values

2024-25 Assessed Value
(in Billions)



● Single Family ● Multi Family ● Commercial ● Business PP
● Other

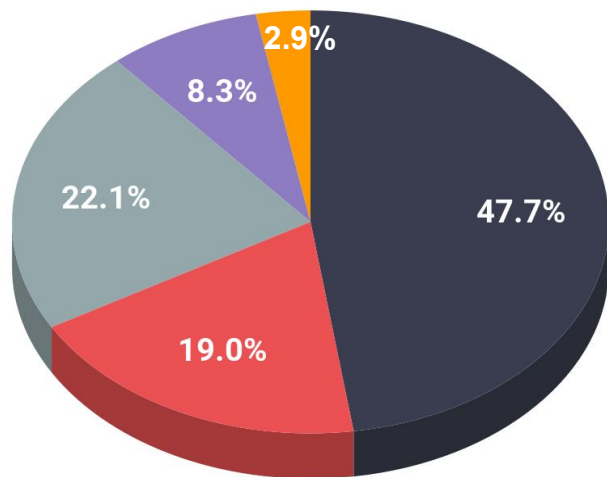
2025-26 Assessed Value
(in Billions)



● Single Family ● Multi Family ● Commercial ● Business PP
● Other

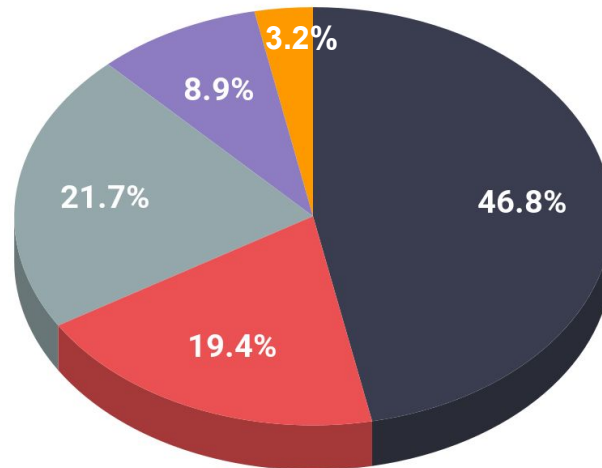
Diversified Tax Base - Percent of Assessed Value

2024-25 Percent of Total
Assessed Value



● Single Family ● Multi Family ● Commercial ● Business PP
● Other

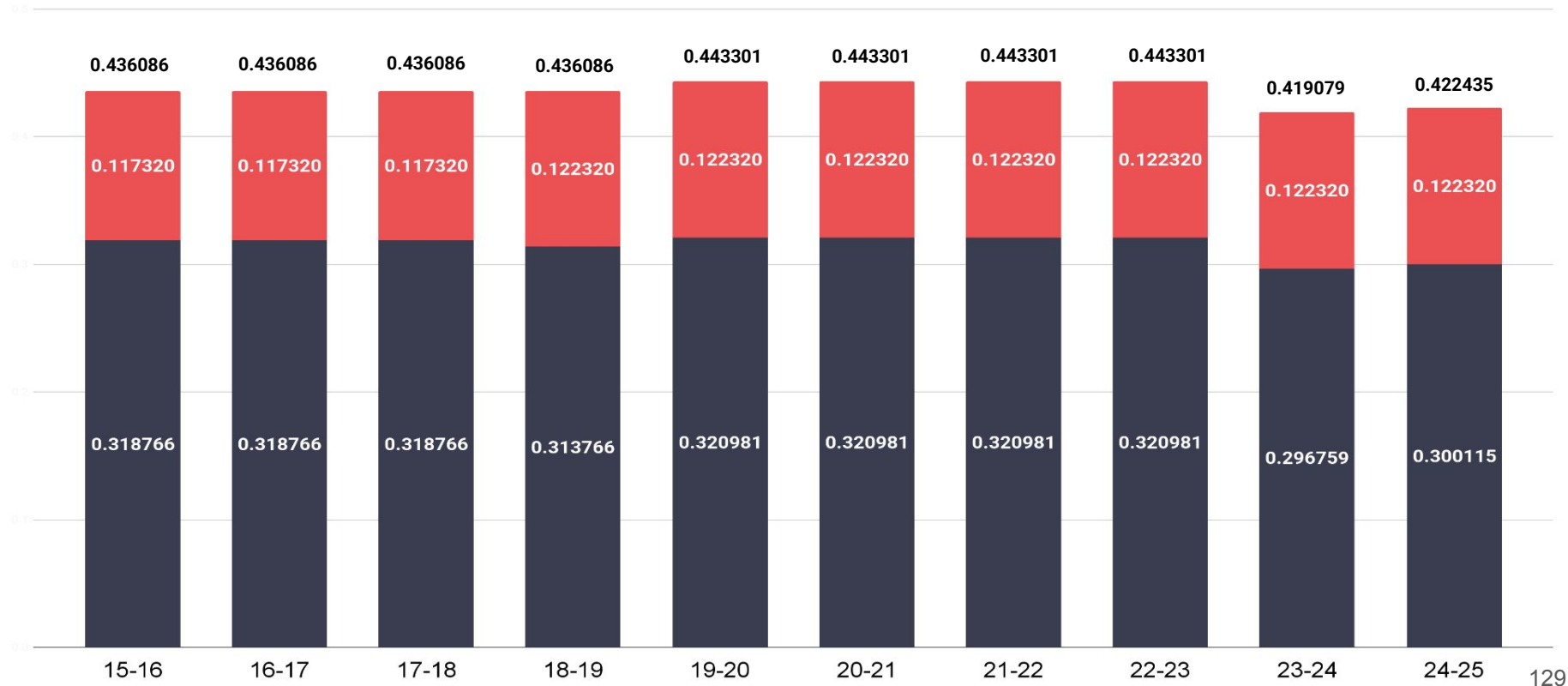
2025-26 Percent of Total
Assessed Value



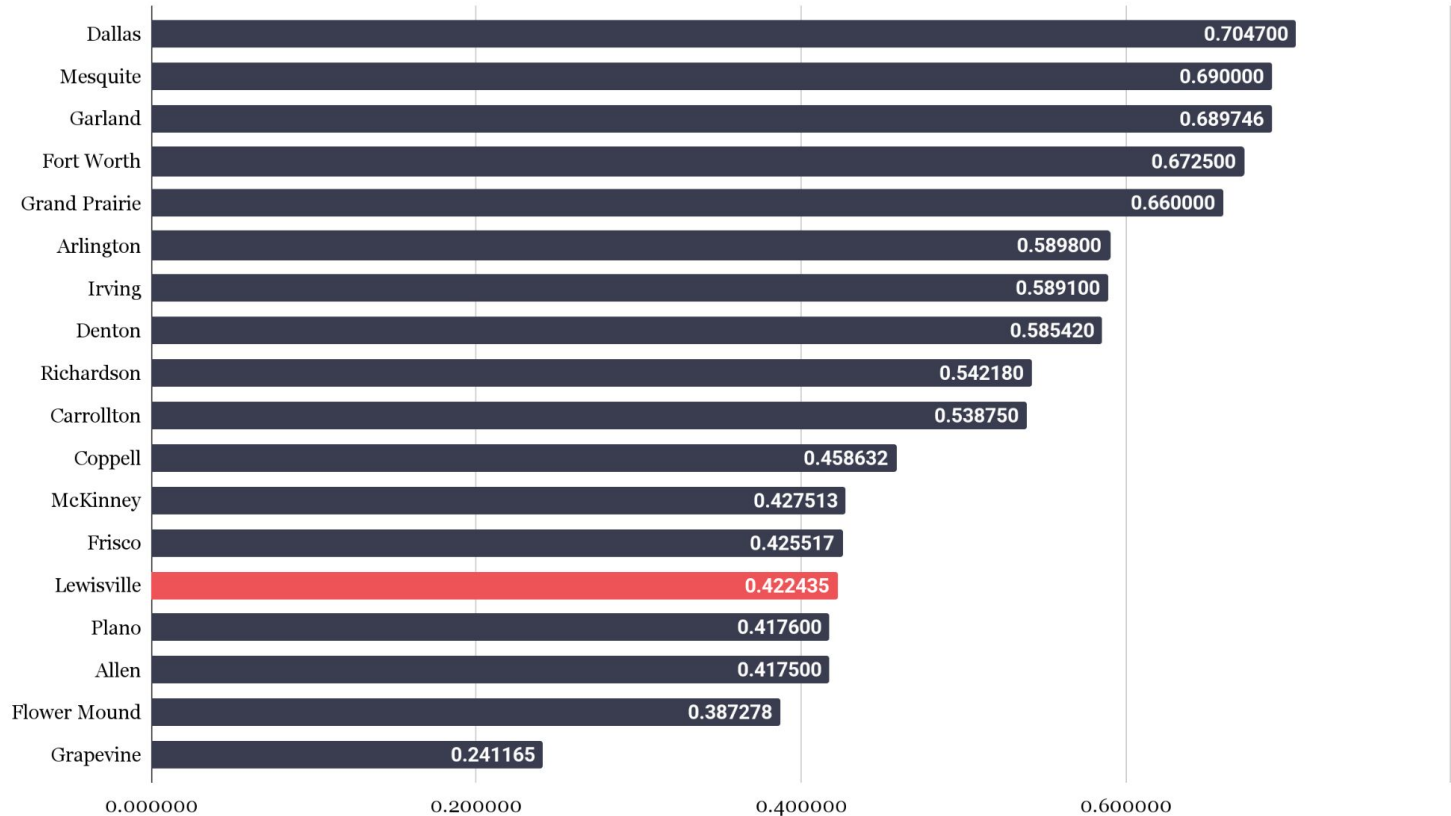
● Single Family ● Multi Family ● Commercial ● Business PP
● Other

Property Tax Rate History

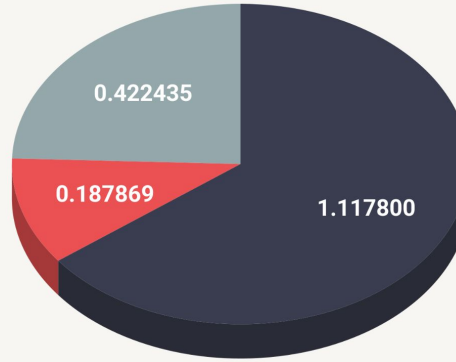
■ I&S ■ M&O



FY 2024-25 Tax Rate Comparison



Tax Year 2024 Rates



• Lewisville ISD • Denton County • City of Lewisville

Entity	M&O	I&S	Total	Prior year Total
Lewisville ISD	0.746900	0.370900	1.117800	1.130100
Denton County	0.143444	0.044425	0.187869	0.189485
City of Lewisville	0.300115	0.122320	0.422435	0.419079

Each 1 cent =

\$2,154,000

in City revenue annually

Property Tax Rate Options

Scenario	O&M Rate	Debt Rate	Total O&M Levy	Tax Freeze General Fund	Less: TIRZ	Total Property Tax General Fund	Total Property Tax Debt	Combined Tax Rate	Additional GF Revenue	Debt Fund (FB Used) FB Increase
Base O/M; Current Debt	0.286012	0.122320	66,143,108	3,606,929	10,357,513	59,392,525	25,143,509	0.408332	(0)	(854,397)
Current Rate	0.300115	0.122320	69,295,980	3,658,428	10,640,557	62,313,851	25,143,509	0.422435	2,921,326	(854,397)
Total No-New-Revenue Rate	0.286657	0.123010	66,299,735	3,603,283	10,357,513	59,545,505	25,285,342	0.409667	152,980	(712,564)
Voter-Approval (VAR)	0.296689	0.122320	68,530,064	3,646,237	10,554,261	61,622,040	25,143,509	0.419009	2,229,515	(854,397)
Voter-Approval - with Unused Increment	0.296689	0.122320	68,530,064	3,646,237	10,554,261	61,622,040	25,143,509	0.419009	2,229,515	(854,397)

Sample Tax Bill Comparison

Median Home Value 2024-2025	\$	371,349
Median Home Value 2025-2026	\$	383,444

	Tax Rate Options	2024-2025 Tax Value	2025-2026 Tax Value	\$ Change	% Change
Base O/M; Current Debt	0.408332	1,516.34	1,565.72	49.39	3.26%
Current Rate	0.422435	1,568.71	1,619.80	51.09	3.26%
Total No-New-Revenue Rate	0.409667	1,521.29	1,570.84	49.55	3.26%
Voter-Approval (VAR)	0.419009	1,555.99	1,606.66	50.68	3.26%
Voter-Approval - with Unused Increment	0.419009	1,555.99	1,606.66	50.68	3.26%

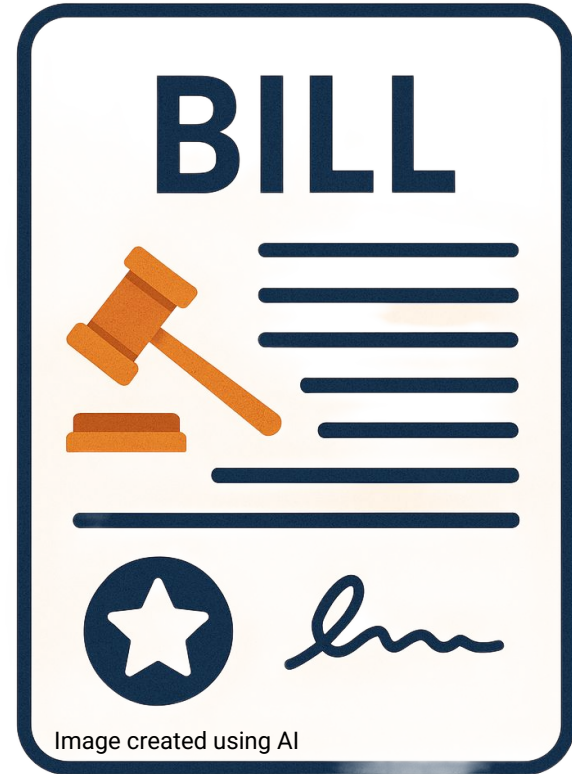
- The projected increase in property tax for 2025-2026 at the Voter Approval Rate is approximately **\$4.22** per month.

Staff Recommendation

- Staff recommendation is to levy the voter-approval rate: **0.419009**
 - No-New-Revenue rate lowers base budget revenue and requires more funding from debt reserves than is currently available
 - Needs identified on the unfunded list
 - Support for maintaining bond ratings
- Rate breakdown:
 - **0.296659** O&M
 - **0.122320** I&S
- Current rate: **0.422435**
- This rate provides **\$2,229,515** in ongoing revenue to be allocated.

External Threats

- House Bill 9 (Regular Session): Increases business personal property tax exemption from \$2,500 to \$125,000 per location
 - Effective Jan 1, 2026 pending voter approval of HJR in November 2025
- C.A.S.T.L.E. Sales Tax Litigation Update
- Senate Bill 9 (Special Session): decreases voter approval rate multiplier from 3.5% to 2.5%
- Traveling HFCs and impact on tax roll.



General Fund

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General Fund Cont.

13 Centralized Volunteer Management - \$40,094

14 LPD Overtime Budget Increase - \$378,959

15 Traffic Signal/Intersection Improvements -
\$500,000

Discussion of Utility Rates

Background

- City contracted with NewGen to conduct annual rate study.
- Initial study performed in 2021 in preparation of Castle Hills annexation.
- Rate study objectives:
 - Full alignment of City and District rates
 - Conservation-based rates introduced citywide
 - Prevent rate spikes
 - Gradual changes to other rate structure components
 - Incorporate updated project cost estimates from HDR
 - Address increased debt service requirements
 - Account for impacts resulting from integration of AMI
- ***Ensure adequate revenue support for operations and an expanded capital program***

Drivers of Expanded Capital Program

- Growth in Old Town and other developments city-wide
 - Added demands placed on City water/sewer utility infrastructure
- Needed capacity for supporting future growth
- Wastewater system requirements for plant capacity
 - Governed by TCEQ wastewater system rules and requirements
 - Initiating expansion plans when reaching 75% of permitted flow capacity
 - Under construction when permitted flow capacity reaches 90%

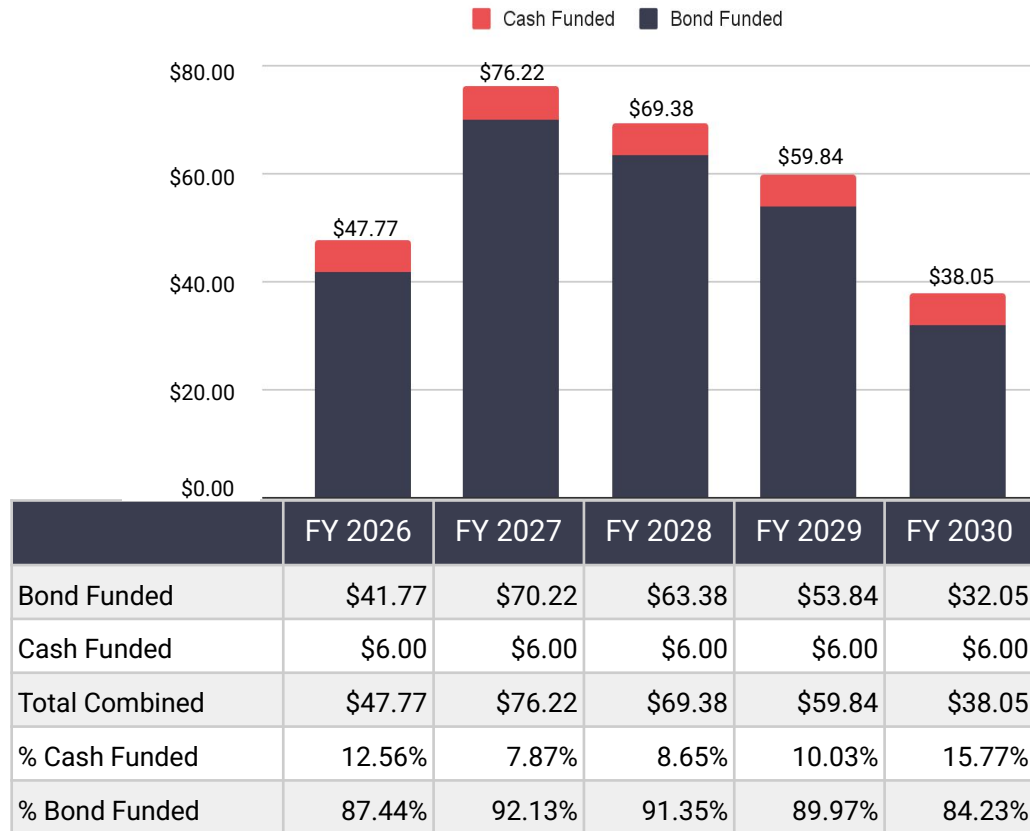
Water/Sewer Capital Projects - FY 2026

Project Name	Base Cost
Sanitary Sewer Line from McGee to Prairie Creek	\$2,969,359
South Kealy Avenue Water & Sewer Line Replacement	\$1,250,000
Northwest Lewisville 12" Water Lines	\$463,050
Miscellaneous Water/Sanitary Sewer Line Replacement	\$750,000
Northeast Lewisville 12" Water Lines	\$429,975
Business 121 to MacArthur 27-Inch Sewer	\$175,333
Castle Hills Elevated Storage Tank Repainting	\$704,031
Southside Ground Storage Tank Repainting	\$1,326,575
East Side PS	\$1,278,900
East Side Booster PS	\$121,275
Midway Branch Lift Station & Force Main	\$3,000,000
PCWWTP Aeration Basin Expansion Phase 1	\$18,880,037
Combined Pump Station and Clearwell	\$29,539,995
Water Treatment Plant Process Evaluation & Pilot Study	\$583,250

Note: Projects shown requiring funding in the upcoming fiscal year are being driven by new development currently underway.

Capital Funding

- Debt rating agencies continue to place emphasis on the “financial leverage” (i.e., debt load) of utilities
- In April 2019, Fitch adopted new ratings criteria which will likely result in upgrades for utilities with “relatively low leverage, and downgrades resulting from the recognition of higher leverage and/or elevated operating risk”
- The City must carefully balance its use of debt and cash capital funding in order to maintain its overall bond rating
- From FY 2026 to FY 2030, estimated capital needs for the utility total over \$291 million
 - The City should continue to evaluate its planned capital funding going forward balancing its use of cash and debt
 - Regular rate adjustments have enabled the City to keep pace with inflation, while also providing critical funds for infrastructure reinvestment
- Debt funding assumes a 16-year term for all bond-funded projects



PROJECTED CIP FUNDING

(\$ Millions)

WATER AND SEWER RATE PLAN

Utility Rate-Setting Goals

- Continue movement towards equitable and sufficient rate structure for the combined set of customers Legacy Lewisville and Castle Hills area
- Ensure sufficient cost recovery (Revenue Generation)
- Plan for future capital investment with a goal of maintaining and potentially increasing cash funding (Capital Reinvestment)
- Maintain and enhance financial metrics (Reserves, Debt Service Coverage)
- Continue to monitor affordability of service to customers
- Introduce conservation-based rates citywide

Water Rates Strategy

- ***Fixed Charge***

Remove the 2,000-gallon allowance from the minimum bill while adjusting the minimum charge downward in FY 2026

- ***Volumetric Charge***

Reduce the number of Residential tiers from 6 to 4 in FY 2026

Implement conservation-based rate structure for Commercial and Irrigation classes (increasing conservation signal)

- *Rate setting involves balancing competing objectives. The organization should strive for a rate structure that is understandable to customers while still sufficient to achieve its financial and conservation-oriented goals and objectives.*

Sewer Rates Strategy

- ***Fixed Charge***

Remove the 2,000-gallon allowance from the minimum bill

- ***Volumetric Charge***

Reduce Residential volumetric rate to offset the additional 2,000 gallons of flow

Establish uniform volumetric sewer rate by class

PROPOSED WATER RATES - MINIMUM CHARGE

	Current Legacy Lewisville	Current Castle Hills	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Minimum Charge							
1" or less	\$27.57	\$34.75	\$19.79	\$22.00	\$24.00	\$26.73	\$28.33
1 ½"	91.81	115.72	65.90	73.26	79.92	89.01	94.34
2"	146.95	185.22	105.48	117.26	127.92	142.47	151.00
3"	275.70	405.53	197.90	220.00	240.00	267.30	283.30
4"	459.59	729.75	329.90	366.74	400.08	445.59	472.27
6"	918.91	1,621.78	659.60	733.26	799.92	890.91	944.24
8"	1,470.31	2,780.00	1,055.40	1,173.26	1,279.92	1,425.51	1,510.84
10"	2,113.79	4,401.78	1,517.30	1,686.74	1,840.08	2,049.39	2,172.07

PROPOSED RESIDENTIAL VOLUMETRIC WATER RATES

(per 1,000 gallons)

	Current	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
0 – 2,000 gallons	\$ -	\$4.08	\$4.35	\$4.96	\$5.52	\$5.85
2,001-8,000 gallons	3.89	4.08	4.35	4.96	5.52	5.85
8,001-15,000 gallons	3.89	4.70	5.19	6.14	7.07	7.75
15,001-20,000 gallons	4.24	4.70	5.19	6.14	7.07	7.75
20,001-25,000 gallons	4.24	5.64	6.43	7.83	9.28	10.46
25,001-35,000 gallons	5.06	5.64	6.43	7.83	9.28	10.46
35,001-45,000 gallons	6.06	6.93	8.12	10.15	12.36	14.28
45,001-55,000 gallons	7.06	6.93	8.12	10.15	12.36	14.28
55,001+ gallons	8.06	6.93	8.12	10.15	12.36	14.28

Notes:

[1] Legacy Lewisville and Castle Hills Residential rates currently are fully aligned.

[2] Reducing the number of tiers from 6 to 4.

PROPOSED COMMERCIAL/INDUSTRIAL VOLUMETRIC WATER RATES

(per 1,000 gallons)

	Current Legacy Lewisville	Current Castle Hills	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
0 – 2,000 gallons	\$ -	\$ -	\$ 4.15	\$ 4.42	\$ 5.04	\$ 5.61	\$ 5.95
2,001 – 10,000 gallons	3.76	4.00	4.15	4.42	5.04	5.61	5.95
10,001 – 15,000 gallons	3.76	4.00	4.77	5.28	6.24	7.19	7.88
15,001 – 25,000 gallons	3.76	4.50	4.77	5.28	6.24	7.19	7.88
25,001 – 35,000 gallons	3.76	5.71	4.77	5.28	6.24	7.19	7.88
35,001 – 45,000 gallons	3.76	6.71	4.77	5.28	6.24	7.19	7.88
45,001 – 55,000 gallons	3.76	7.71	4.77	5.28	6.24	7.19	7.88
55,000+ gallons	3.76	8.71	5.49	6.30	7.72	9.21	10.45

Note: Implementing a tiered rate structure to promote conservation.

PROPOSED IRRIGATION VOLUMETRIC WATER RATES

(per 1,000 gallons)

	Current Legacy Lewisville	Current Castle Hills	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
0 – 2,000 gallons	\$ -	\$ -	\$4.50	\$4.79	\$5.46	\$6.08	\$6.44
2,001 – 15,000 gallons	3.76	4.90	4.50	4.79	5.46	6.08	6.44
15,001 – 60,000 gallons	3.76	4.90	5.51	6.03	7.06	8.08	8.77
60,001 – 100,000 gallons	3.76	4.90	6.34	7.20	8.74	10.35	11.63
100,000+ gallons	3.76	4.90	7.29	8.60	10.82	13.26	15.40

Note: Implementing a tiered rate structure to promote conservation.

PROPOSED SEWER RATES

	Current Legacy Lewisville	Current Castle Hills	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Minimum Charge							
Residential	\$10.91	\$10.91	\$13.00	\$15.00	\$17.00	\$18.93	\$20.07
Commercial / Industrial	13.64	16.45	19.60	22.62	25.63	28.54	30.26
Volumetric Charge per 1,000 gallons							
Residential							
0- 2000 gallons	\$ -	\$4.16	\$3.50	\$3.68	\$3.92	\$4.37	\$4.63
2,000+ gallons	4.92	4.92	3.50	3.68	3.92	4.37	4.63
Commercial / Industrial							
0- 2000 gallons	\$ -	\$ -	\$5.38	\$5.66	\$6.03	\$6.72	\$7.12
2,000+ gallons	5.38	5.38	5.38	5.66	6.03	6.72	7.12

COMBINED WATER AND SEWER BILL IMPACT

Average Monthly Water/Sewer Utility Charge and Percent Increase

Lewisville Utility Customers - Based on 10k gallons water/6k gallons sewer

Year	Water	Sewer	Total	Percent Change
2018	\$41.51	\$24.77	\$66.28	6.00%
2019	\$41.51	\$24.77	\$66.28	0.00%
2020	\$41.91	\$25.02	\$66.93	1.00%
2021	\$45.28	\$25.92	\$71.20	6.40%
2022	\$47.82	\$26.84	\$74.66	4.90%
2023	\$50.24	\$27.84	\$78.08	4.30%
2024	\$52.74	\$28.67	\$81.41	4.30%
2025	\$58.69	\$30.59	\$89.28	9.70%
2026 (proj.)	\$61.86	\$34.00	\$95.86	7.40%

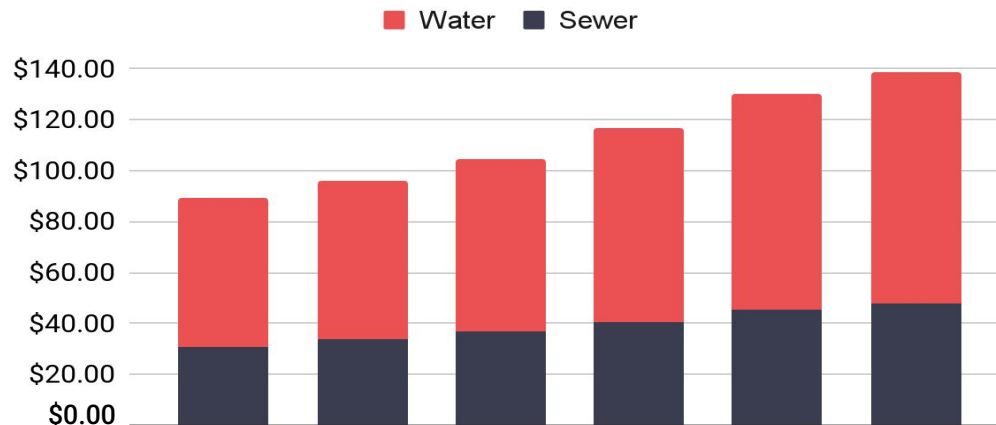
[1] Updated rate plan prepared by NewGen Strategies indicates the need for a 7.4% change for FY 2025-26. Projected rate changes for subsequent years will be reviewed annually.

[2] Starting in Fiscal Year 2026, billing for Castle Hills and Legacy Lewisville customers will be standardized.

Residential Customer Monthly Bill Impact

¾" Meter

**10,000 gallons water/
6,000 gallons sewer**



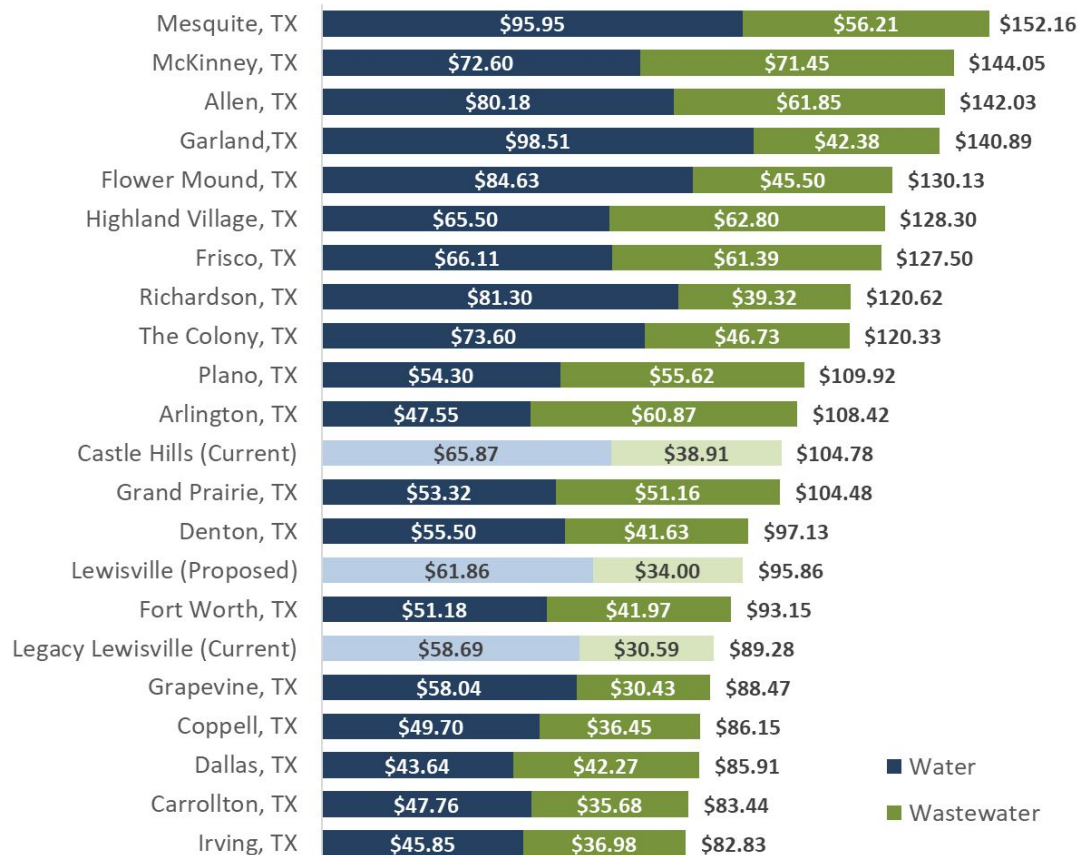
	Current	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Sewer	30.59	34.00	37.08	40.52	45.15	47.85
Water	58.69	61.86	67.19	75.96	85.04	90.63
Total Bill	89.28	95.86	104.27	116.48	130.19	138.48
% increase		7.40%	8.80%	11.70%	11.80%	6.40%

Regional Comparison

Average Residential ¾" Customer Bill

10,000 gallons water/
6,000 gallons sewer

Residential ¾" Monthly Bill for 10,000 gal water / 6,000 gal sewer



Rate Increase Impacts and Recommendations

- Overall Rate Adjustment: A 7.4% increase in utility rates is projected for FY 2026, as outlined in the rate study.
- Customer Impact by Area:
 - Legacy Lewisville customers will experience a monthly increase of \$6.58.
 - Castle Hills customers will see a one-time monthly decrease of \$8.92 due to the alignment of rate structures across both service areas.
- Unified Rate Structure: Moving forward, all future water and sewer rate adjustments will apply equally to all customers, regardless of location.
- Infrastructure Funding: The rate changes are projected to generate an additional \$3.6 million in annual revenue to support ongoing utility infrastructure improvements.

STORMWATER RATE STUDY

- The City implemented annual stormwater fee increases from FY 2023 through FY 2025, raising the cost of stormwater service by \$3.00, from \$4.00 to \$7.00.
- Continued reinvestment in the stormwater system is needed, which will require the City to continue its evaluation and assessment of the funding needed for stormwater service.
- City staff will be conducting a Stormwater Rate Study in FY 2026 to update the current financial plan and assess funding needs going forward.

Unfunded - Utility Fund

CIP Cash Infrastructure Funding

Amount Requested - \$3,667,691

This Action Step provides cash funding for utility capital projects needed in FY 2025-2026 per Water & Sewer CIP.



Council Action