

## **MEMORANDUM**

**TO:** Mayor and Council

**FROM:** Claire Powell, City Manager

**DATE:** September 8, 2025

**SUBJECT:** **Public Hearing:** Consideration of an Ordinance Adopting the FY 2025-26 Budget.

### **BACKGROUND:**

In accordance with state law and City Charter, a public hearing is being held on the proposed FY 2025-26 budget to provide opportunity for resident input. The proposed budget includes changes made by City Council at the budget workshop held on August 9, 2025. New to the budget adoption process this year is Texas Government Code Section 551.043(c), which took effect September 1, 2025. This statute requires that the public notice of a meeting at which a governmental body will discuss or adopt a budget must include a taxpayer impact statement that includes a comparison of the median-valued homestead property tax bill in dollars for the current fiscal year to an estimate of the property tax bill for the same property for the upcoming fiscal year if the proposed budget is adopted, as well as a balanced budget funded at the no-new-revenue tax rate.

For the Lewisville median home value of \$383,444, the City portion of the property tax bill in the current fiscal year is \$1,619.80. This same property would owe \$1,606.66 if the FY 2026 proposed budget is adopted or \$1,570.84 if the budget was funded at the no-new-revenue rate. Texas Local Government Code Section 102.007 requires City Council to take action on the proposed budget at the conclusion of the public hearing. Approval of this ordinance adopts an operating budget for these funds beginning October 1, 2025 and ending September 30, 2026.

### **ANALYSIS:**

The proposed budget is located on the City website at <https://city-lewisville-tx-clear.doc.cleargov.com/15463/533881/d>. During the budget workshop held on August 9, 2025, City Council provided staff direction to decrease the property tax rate to 0.419009 cents per \$100 valuation. This would result in the Maintenance & Operations portion of the tax rate decreasing to 0.296689, while the Interest & Sinking portion of the tax rate would remain at 0.122320. In addition, Council gave direction to pursue a 7.4% increase to water and sewer rates, as well as begin passing utility bill credit card fees to the user. This allowed \$366,000 in budgeted credit card

fees to be reallocated towards water and sewer capital infrastructure projects instead. Any changes to the preliminary expenditure budget by fund have been incorporated as follows:

General Fund (+\$2,229,515)

\$154,580	Addition of a Civil Engineer (Engineering)
\$117,574	Addition of a Research and Development Specialist (Police)
\$689,765	Street maintenance infrastructure funding (Public Services)
\$452,890	Addition of two Police Lieutenants (Police)
\$35,000	Increased training opportunities (Information Technology Services)
\$40,000	Housing Toolkit initiatives (Neighborhood & Inspection Services)
\$68,000	AI commercial plan review (Neighborhood & Inspection Services, Fire)
\$21,112	“.Gov” Domain naming service and security (Information Technology Services)
\$250,000	Replacement of traffic controllers and cabinets (Engineering)
\$210,500	Replacement of traffic signal detection equipment (Public Services)
\$50,000	Funding for unplanned renovations and repairs (Public Services)
\$40,094	Centralized volunteer management program (Human Resources)
\$100,000	Additional overtime budget (Police)

Debt Service Fund (+\$2,417,538)

\$2,417,538	Additional debt service principal and interest payments – updated with August 14 <sup>th</sup> general obligation bond sale and refunding
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Water & Sewer Fund (+\$3,667,691)

\$0	Reallocation of \$366,000 from credit card fees to utility capital projects within the Water & Sewer Fund
\$3,667,691	Additional cash funding for utility capital projects as a result of rate increase

TIRZ 1 Fund (-\$36,181)

-\$36,181	Decreased debt service payments supported by TIRZ 1 funds – updated with August 14 <sup>th</sup> general obligation bond refunding
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LPLDC 4B Fund (-\$21,597)

-\$21,597	Decreased debt service payments supported by 4B funds – updated with August 14 <sup>th</sup> general obligation bond refunding
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**CITY STAFF’S RECOMMENDATION:**

That the City Council approve the ordinance as set forth in the caption above.