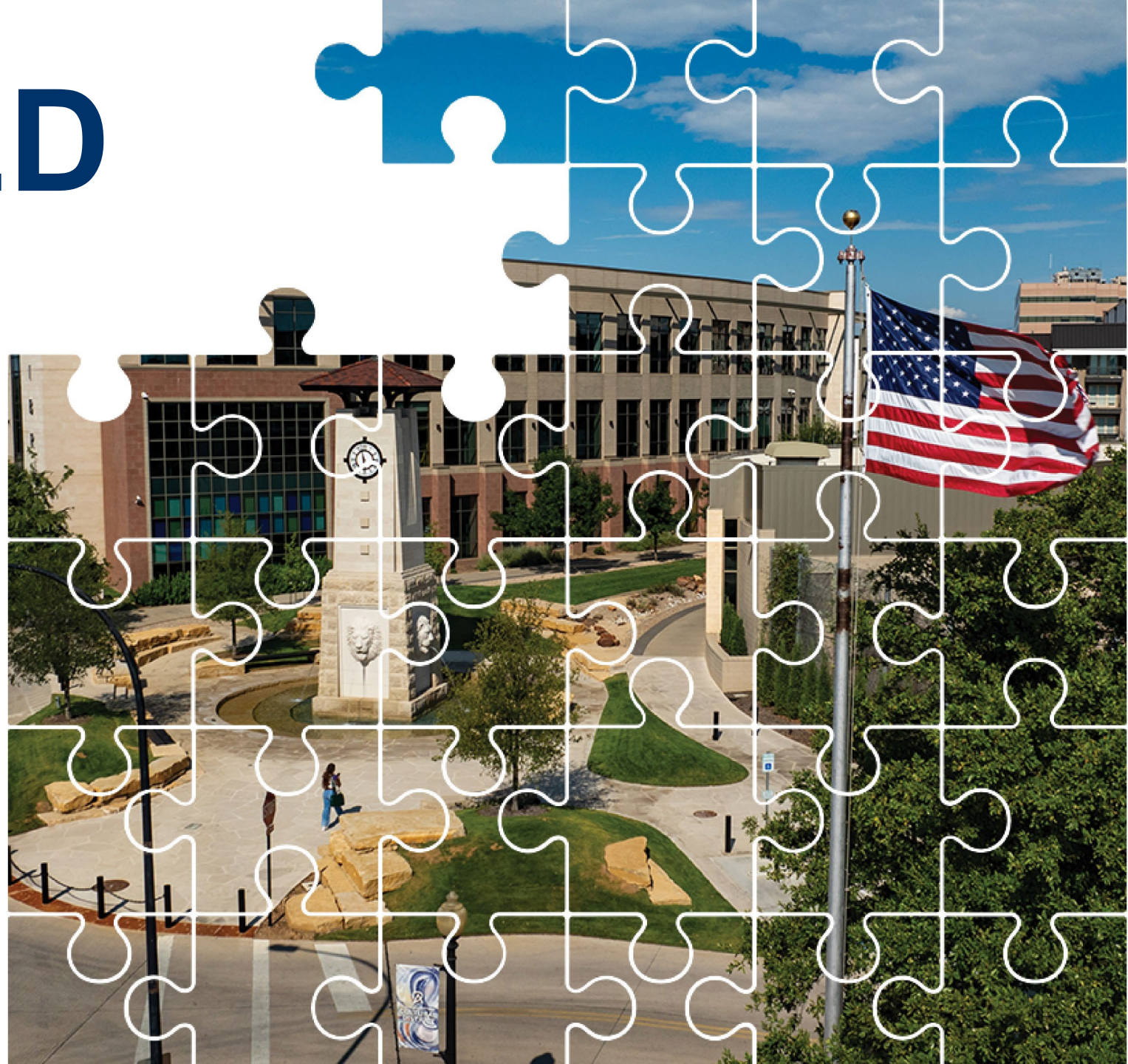


PROPOSED BUDGET

FY 2026



August 5, 2025



CITY COUNCIL PRIORITIES FY26

PURSUE OUR VISION

A pre-eminent city, Arlington aims to create an environment that empowers everyone to live their best lives and achieve their version of the American Dream.

FULFILL OUR MISSION

The City of Arlington efficiently meets the needs of the public through innovation, active engagement, and inclusive practices. The City invites everyone to work together to help us provide high-quality, cost-effective services and strong, safe neighborhoods.

CORE SERVICES

Public Safety, Culture/ Recreation/ Education, Financial/ Economic Development, Infrastructure.

LIVE OUR VALUES

- Accountability
- Collaboration
- Innovation
- Inclusiveness
- Professionalism



ENHANCE
Mobility



GROW
Our Economy



PRESERVE Financial
Stability and Resilience



STRENGTHEN
our Communities

BUDGET FY 2026 | Agenda

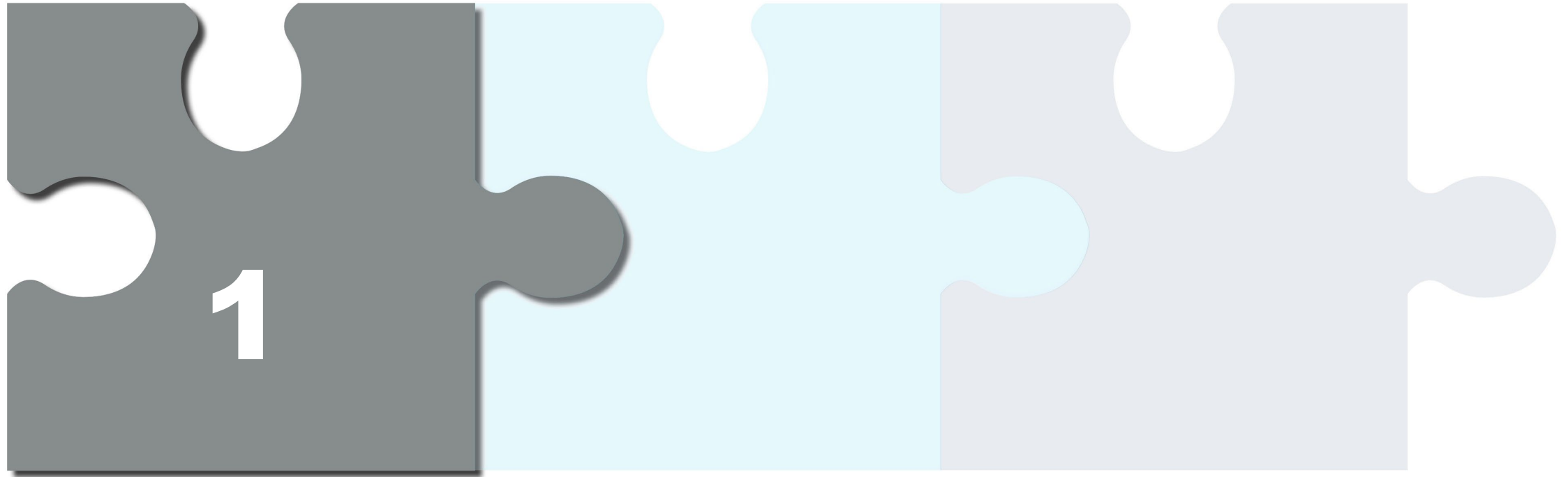


**Prior
Discussion**

**FY 2026
Proposed
Budget**

Next Steps

BUDGET FY 2026



**Prior
Discussion**

Prior Discussion

Presentations:

[November 1, 2024 – FY 2026 Budget Preview](#)

[January 28, 2025 – FY 2026 Budget Status Update](#)

[April 29, 2025 – FY 2026 Budget Status Update](#)

[June 10, 2025 – FY 2026 Budget Status Update](#)

[June 24, 2025 – FY 2026 Budget Status Update](#)

Benchmark Data:

[Comparing Arlington with Other Cities – Selected Criteria](#)

How the city budget is prepared



Trends and History*



Economic Conditions



Prepare a conservative plan with targeted strategic investments



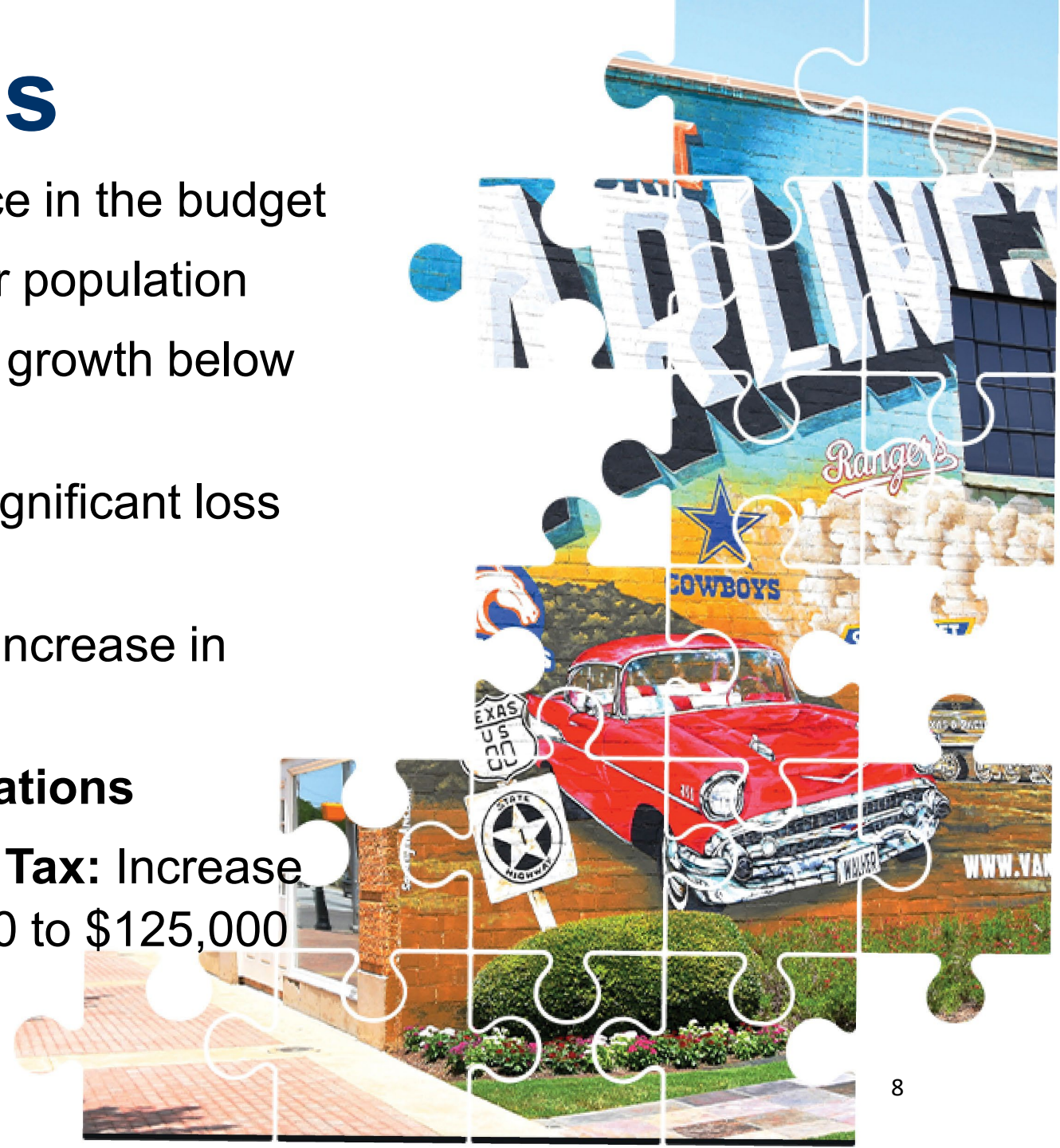
Identify community priorities to be funded and reduce and restructure in areas that have become less important

Best Practices



Budget Challenges

- **ARPA:** Avoiding a structural imbalance in the budget
- **Senior Tax Freeze:** Increasing senior population
- **Conservative Valuations:** Projected growth below recent historical norms
- **Property Tax Protests:** Allowing a significant loss (\$1B) of value through protests
- **No Reappraisal Plan:** Assuming no increase in values for two years
- **Traveling Housing Finance Corporations**
- **Business Personal Property (BPP) Tax:** Increase of the BPP tax exemption from \$5,000 to \$125,000

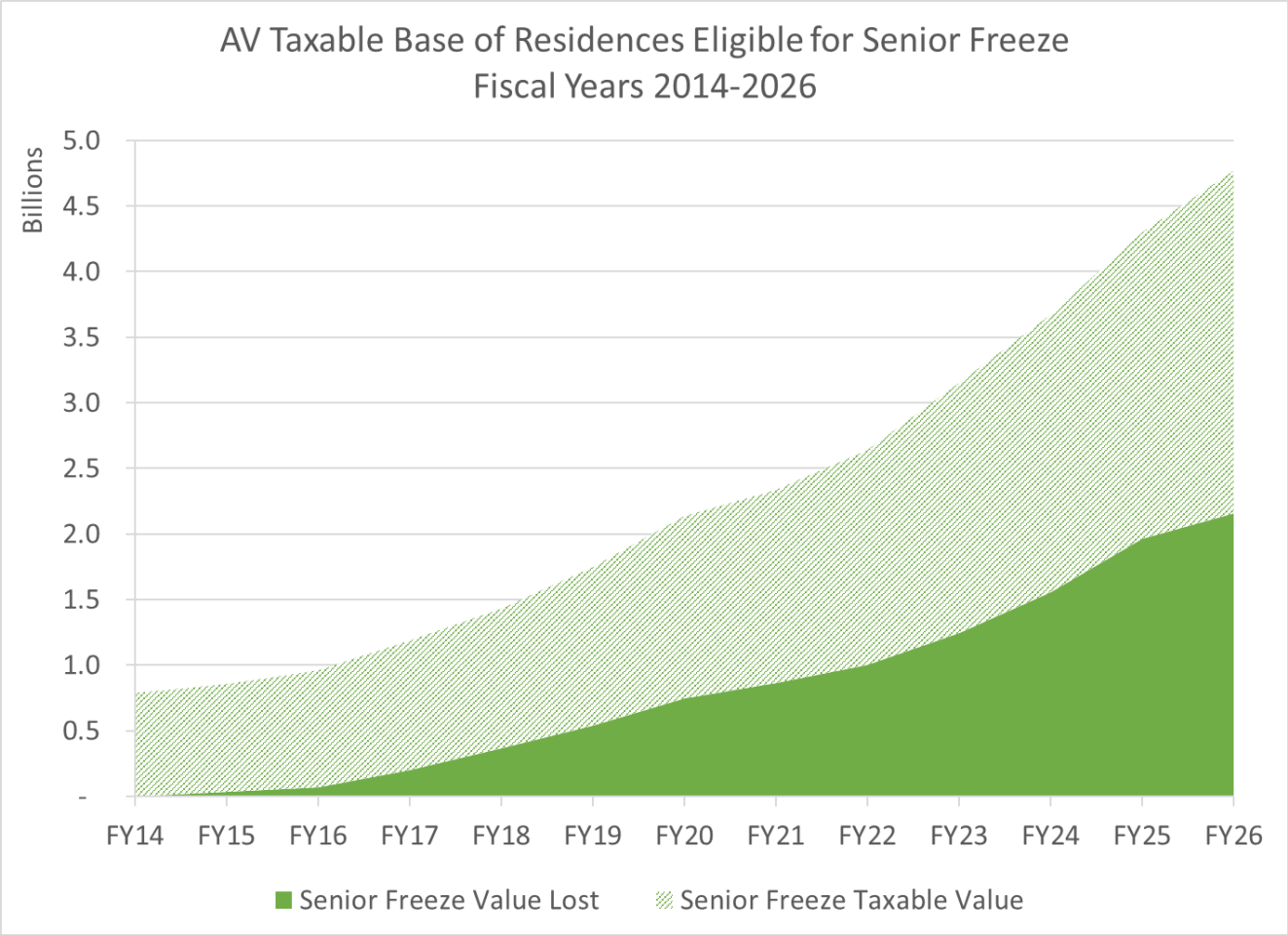


Layers of the Budget Balancing Strategy

Phase:

1. Initial Citywide Efforts
2. Initial Financial Restructuring
3. Departmental Expenditure Reductions
4. Fee Adjustments/Revenue Enhancements
5. Reserves
6. Furlough/RIF Procedures

Growth of Senior Tax Freeze



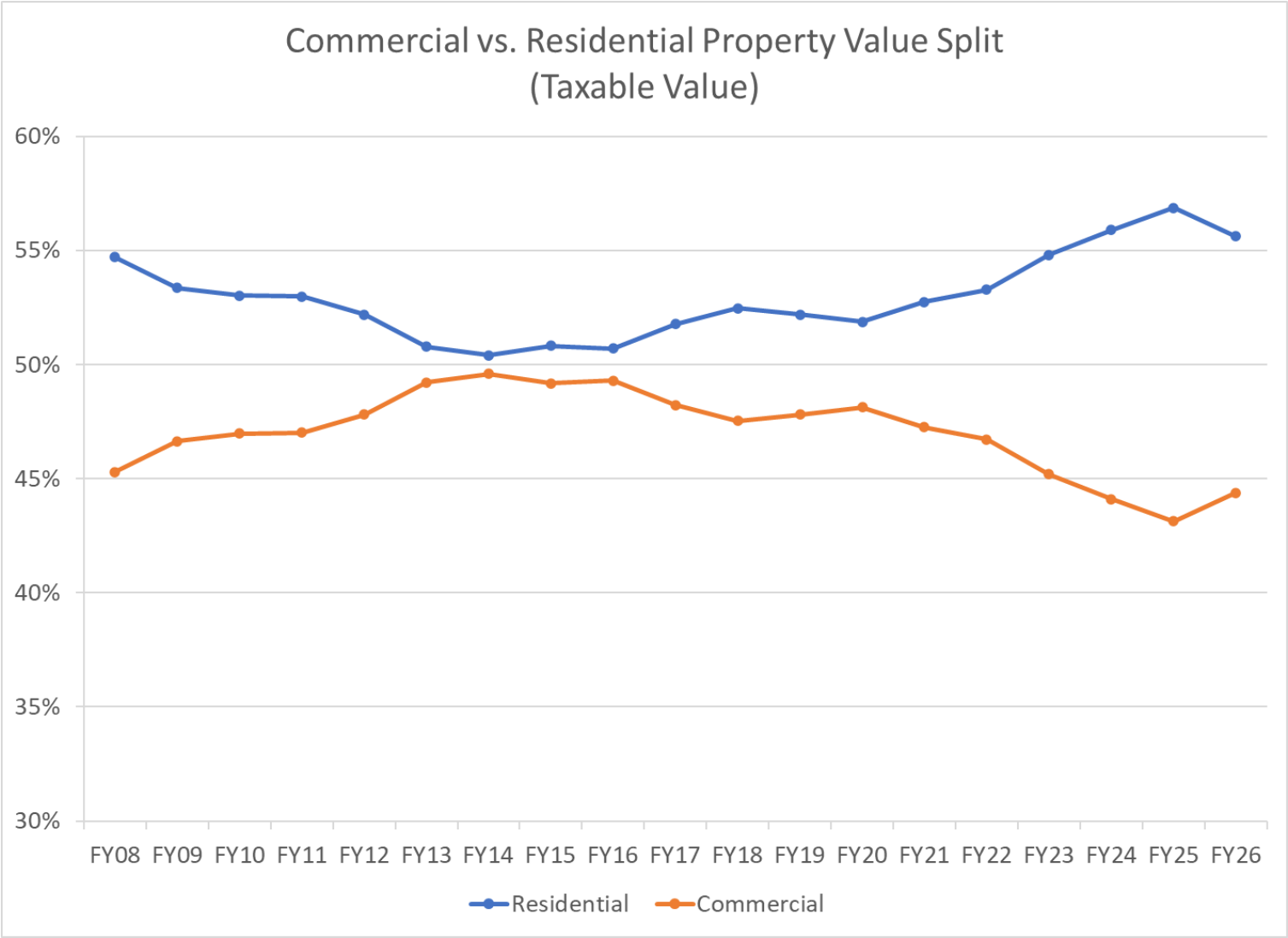
Annual Incremental Increase in Impact on Tax Levy											
FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
\$208k	\$270k	\$910k	\$1.1M	\$1.1M	\$1.3M	\$756k	\$946k	\$1.3M	\$1.8M	\$2.7M	\$1.9M



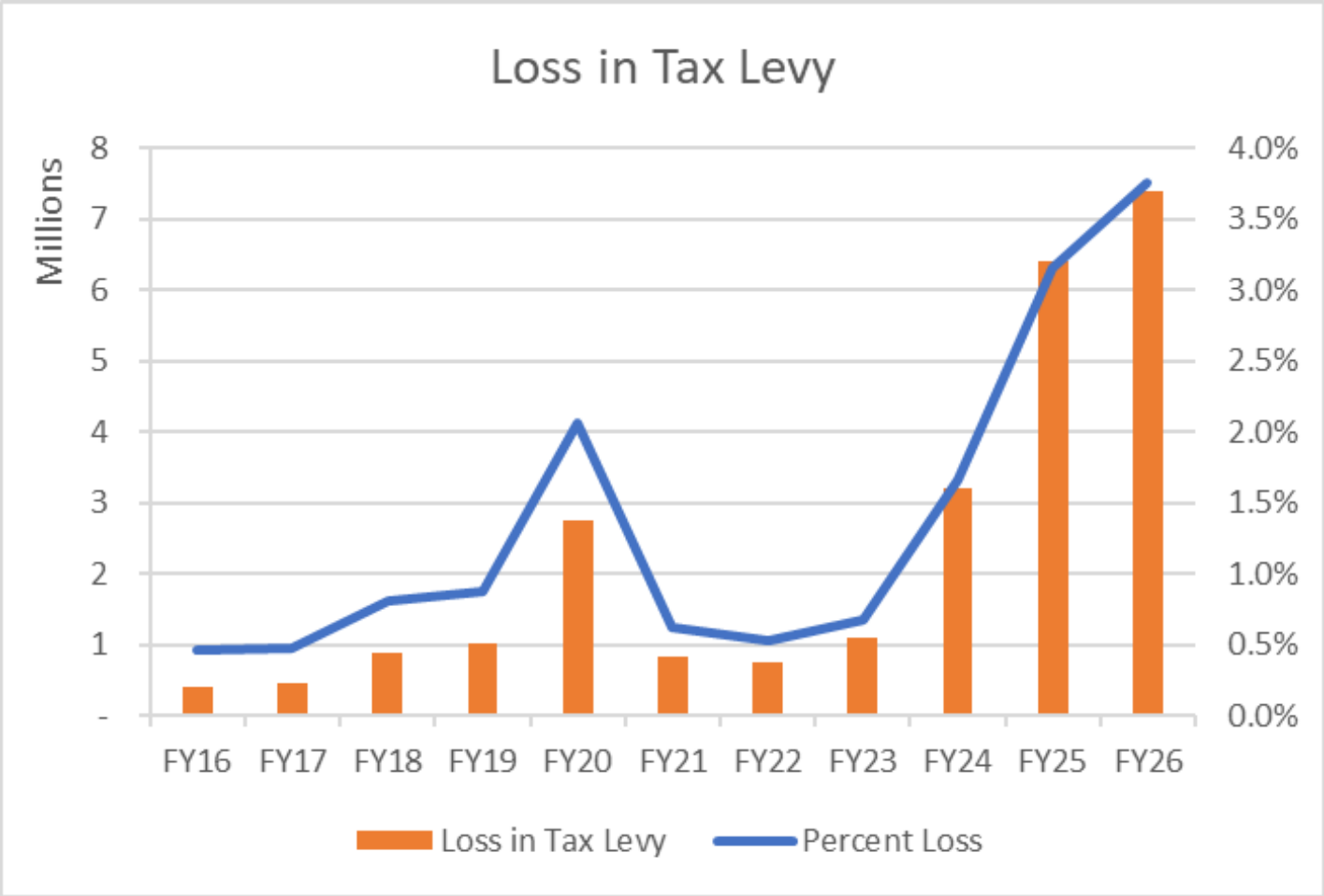
Taxable Value Growth County Comparisons

	FY26 Growth	FY25 Growth	FY24 Growth
Collin County	8.63%	11.47%	13.99%
Denton County	7.67%	9.05%	18.54%
Dallas County	4.47%	10.05%	12.83%
Tarrant County	3.47%	-0.60%	9.82%

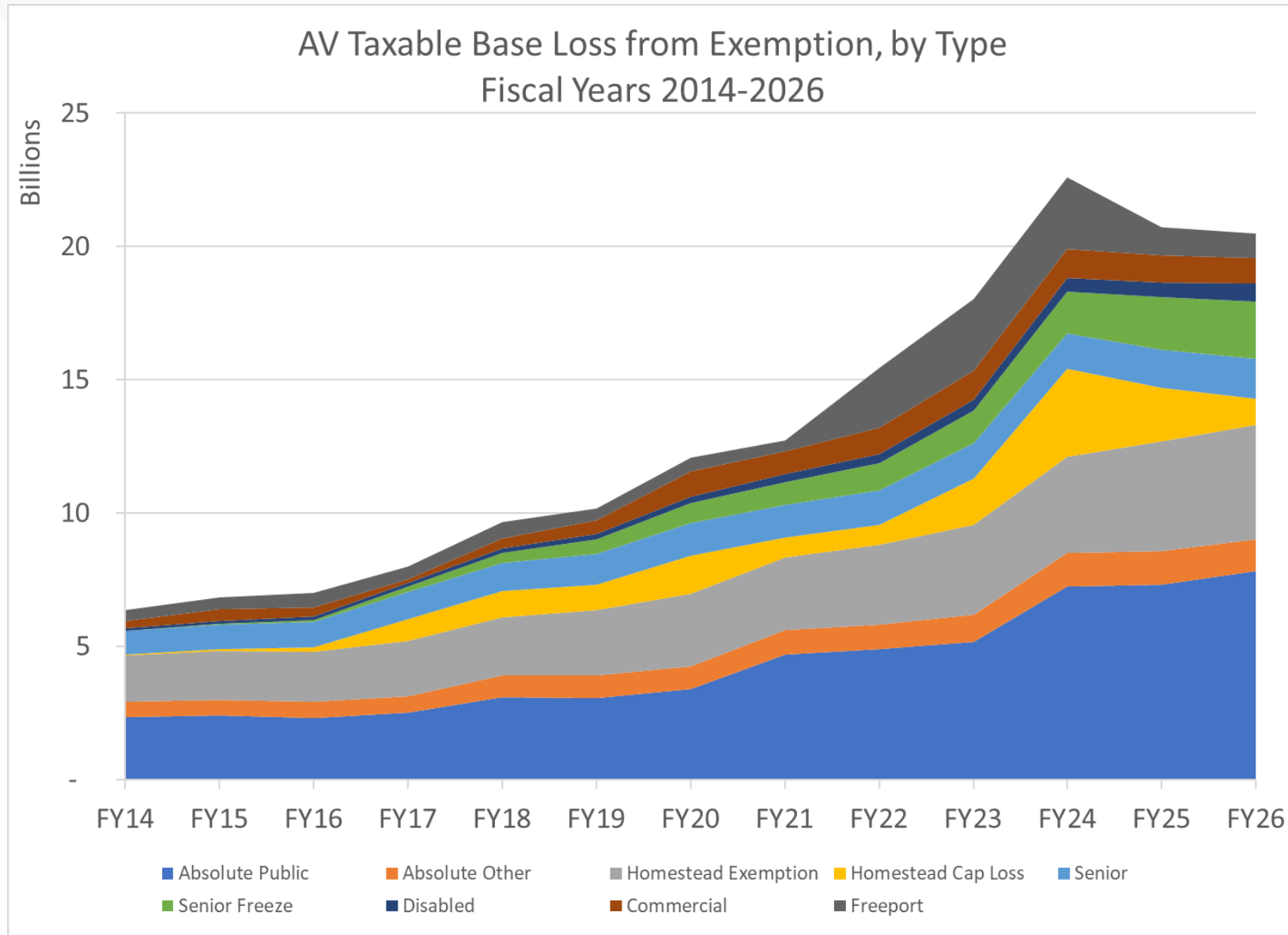
Tax Value Split



Residential Protest Loss – Levy



Favorable Tax Policy – Exemptions



Favorable Tax Policy – Exemptions

Exemptions By Tax Year (% of Levy)

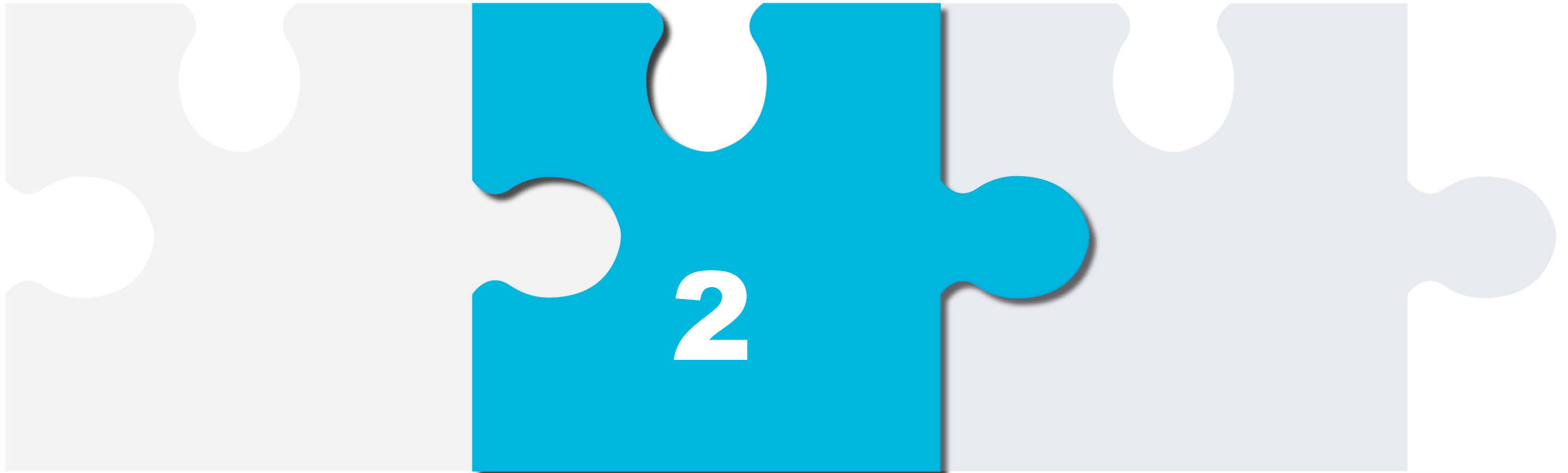
Fiscal Year	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
% of Absolute Exempted	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
% of Residential Exempted	28.7%	30.4%	27.4%	27.9%	30.1%	32.0%	30.8%	30.3%
% of Commercial Exempted	4.2%	6.7%	5.9%	6.8%	6.6%	6.3%	5.4%	4.9%
% of Freeport Exempted	34.4%	30.8%	28.1%	63.8%	66.4%	64.8%	42.8%	40.0%
Total % Exempted	28.1%	29.5%	29.6%	33.0%	33.9%	36.2%	33.3%	32.8%

Exemptions By Tax Year (Levy \$ Amount)

Fiscal Year	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Absolute Exemption Total	24,780,181	26,457,903	34,891,769	35,947,047	37,146,370	50,030,279	51,468,752	56,806,289
Residential Exemption Total	33,608,182	39,778,287	36,369,458	39,647,604	48,404,627	60,834,270	60,427,169	60,396,543
Commercial Exemption Total	3,353,055	5,913,278	5,332,580	6,163,708	6,409,567	6,496,604	5,976,047	6,030,311
Freeport Exemption Total	2,770,514	3,190,278	2,658,575	13,896,224	16,082,373	15,810,008	6,326,335	5,810,085
Total Exemptions	64,511,932	75,339,746	79,252,382	95,654,584	108,042,936	133,171,162	124,198,302	129,043,228

City-wide exemptions save the taxpayers \$129,043,228

BUDGET FY 2026



FY 2026 Proposed Budget

Vacant Position Eliminations

➤ 42 Positions Eliminated

- MWBE Coordinator
- Senior Office Assistant (CAO)
- Deputy City Manager
- Admin Aide II (Finance)
- Admin Services Supervisor (Finance)
- Promotions Coordinator (Library)
- Cataloging & Acquisition Assistant (Library)
- Library Public Services Coordinator (moved to Grant Fund)
- 2 Deputy Court Clerk II
- Administrative Services Coordinator II (Parks)
- Athletic Field Maintenance Supervisor (Parks)
- Carpenter (Parks)
- Community Services Agent (Animal Services)
- 5 Landscape Techs (Parks)
- Park Project Manager II
- Plans Examiner Supervisor
- Senior Customer Service Representative (PDS)
- Assistant Chief (Police)
- Deputy Chief (Police)
- 3 Sergeants (Police)
- Administrative Analyst II Position (Police)
- 5 Office Assistants (Police)
- 4 Records Services Assistants (Police)
- Records Services Supervisor (Police)
- Real Estate Representative
- Document Services Manager
- Mail Clerk II
- Project Manager (IT)

Restructuring

➤ 22 Positions Identified for the Challenge Grant / Potential Elimination in FY 2027

- 1 Administrative Aide II
- 1 Assistant Director Convention Center
- 1 Booking Coordinator
- 1 Building Operations Superintendent
- 1 Business Operations Administrator
- 5 Custodians
- 1 Event Coordinator
- 5 Event Services Workers
- 1 Facility Systems Administrator
- 3 Facility Systems Specialists
- 2 Operations Crew Leaders

Reduce | Restructure | Reallocate

➤ \$7.7M in Department Budget Expenditure Reductions

- **Reductions:**

Saturday Hours in Action Center
Annual Employee Picnic
State Lobbying Contract

In-house Bunker Gear Maintenance
Animal Shelter Closed One Additional Day

- **Restructuring:**

Economic Development Services
Parks, Recreation, and Culture

Document Services
Finance & Asset Management

- **Reallocation:**

Fleet Reduction of 68 Vehicles to Avoid Contract Increase

Financial Restructuring | Fee Adjustments

- \$2.3M in Financial Restructuring
 - Short-term Debt Strategy
 - TIRZ Contributions
- \$5.7M in New Fees & Fee Adjustments



[Click to View the Full List of Budget Reductions and Revenue Enhancements](#)

Compensation Adjustments

- 3% Across the Board Cost of Living Adjustments
- .25% TMRS Rate Increase
- 3 Year Rolling Market Salary Study – Ranges Adjusted for Administrative Clerical and Technical Craft
- Public Safety Step Plan Maintained
 - Police – \$797,194
 - Fire – \$358,022
 - Total (including benefits) – \$1.2M

FY 2026 Proposed Health Plan Budget

- Total Health Insurance Premiums Remain Flat – No Increase
- Health Insurance Premiums for Plans that Include Dependents will begin a Phased Shift to an 85/15 City/Employee Split (year one of two)
 - City-wide Savings of \$887,905
- Employees on the “Employee Only” Plan (50%) Will Have No Increase in Premiums

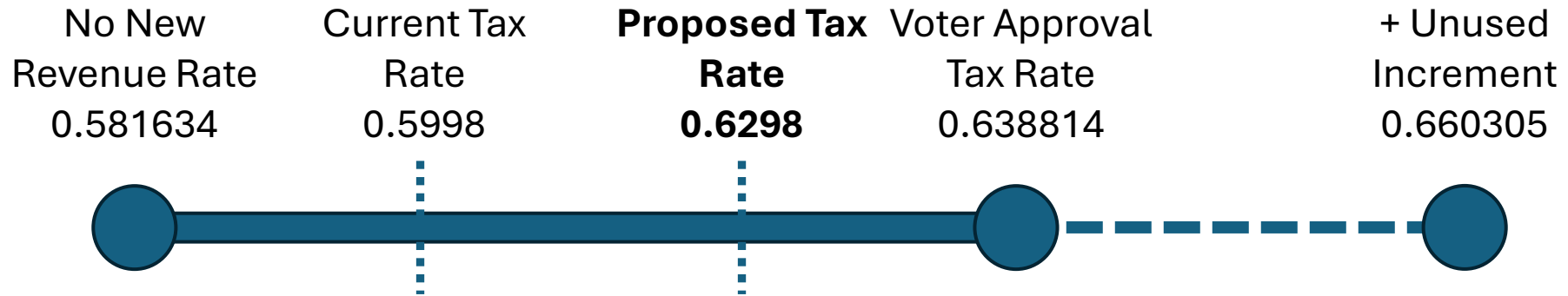
Recurring Funding Summary – General Fund Supported

Category	Amount
Mandates & Contractual Increases	\$496k
Employee Compensation & Benefits	\$7.8M
Technology Maintenance & Security	\$1.4M
Public Safety	\$4.7M
Parks & Facility Maintenance	\$398k
Priorities & Needs	\$184k
Total*	\$15.08M

*Total includes Internal Service Fund Departments



Tax Rate Continuum

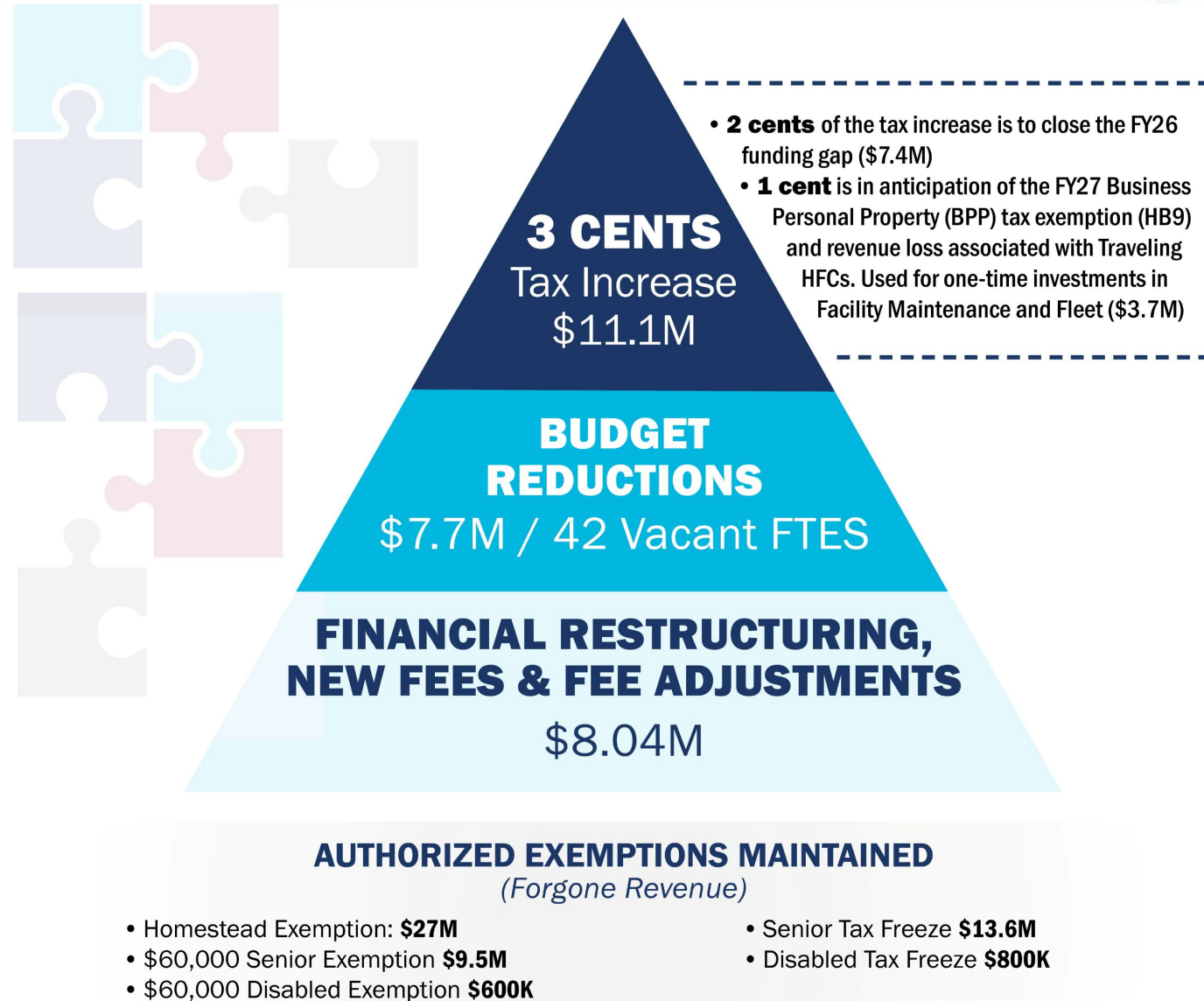


Property Tax Rates

	FY 2025	FY 2026	Increase (Decrease)
General Fund Tax Rate (M&O)	\$0.4146	\$0.4446	\$0.0300
<u>Debt Service Tax Rate (I&S)</u>	<u>\$0.1852</u>	<u>\$0.1852</u>	<u>\$0.0000</u>
Total Property Tax Rate	\$0.5998	\$0.6298	\$0.0300
No New Revenue Tax Rate (NNRTR)	\$0.5816		
Voter Approval Tax Rate (VATR):	\$0.6388		
VATR with Unused Increment:	\$0.6603		

* all Rates are per \$100 of assessed value

FY 2026 Budget Strategies



Change in Average Home Value

Fiscal Year	Average Homestead Market Value	Average Homestead Taxable Value	Tax Rate	Property Tax Amount
FY 2020	\$ 215,308	\$ 155,869	\$ 0.6240	\$ 972.62
FY 2021	\$ 214,473	\$ 160,895	\$ 0.6225	\$ 1,001.57
FY 2022	\$ 220,951	\$ 172,899	\$ 0.6198	\$ 1,071.63
FY 2023	\$ 265,184	\$ 195,553	\$ 0.5998	\$ 1,172.93
FY 2024	\$ 317,785	\$ 226,067	\$ 0.5898	\$ 1,333.34
FY 2025	\$ 319,415	\$ 238,998	\$ 0.5998	\$ 1,433.51
FY 2026	\$ 308,275	\$ 236,955	\$ 0.6298	\$ 1,492.34

Annual Impact on Average Resident:

\$ 58.83	Property Taxes
70.68	Water Rates
6.00	Storm Water Rates
11.88	Garbage Rates
<hr/>	
\$ 147.39	More per Year
\$ 12.28	More per Month

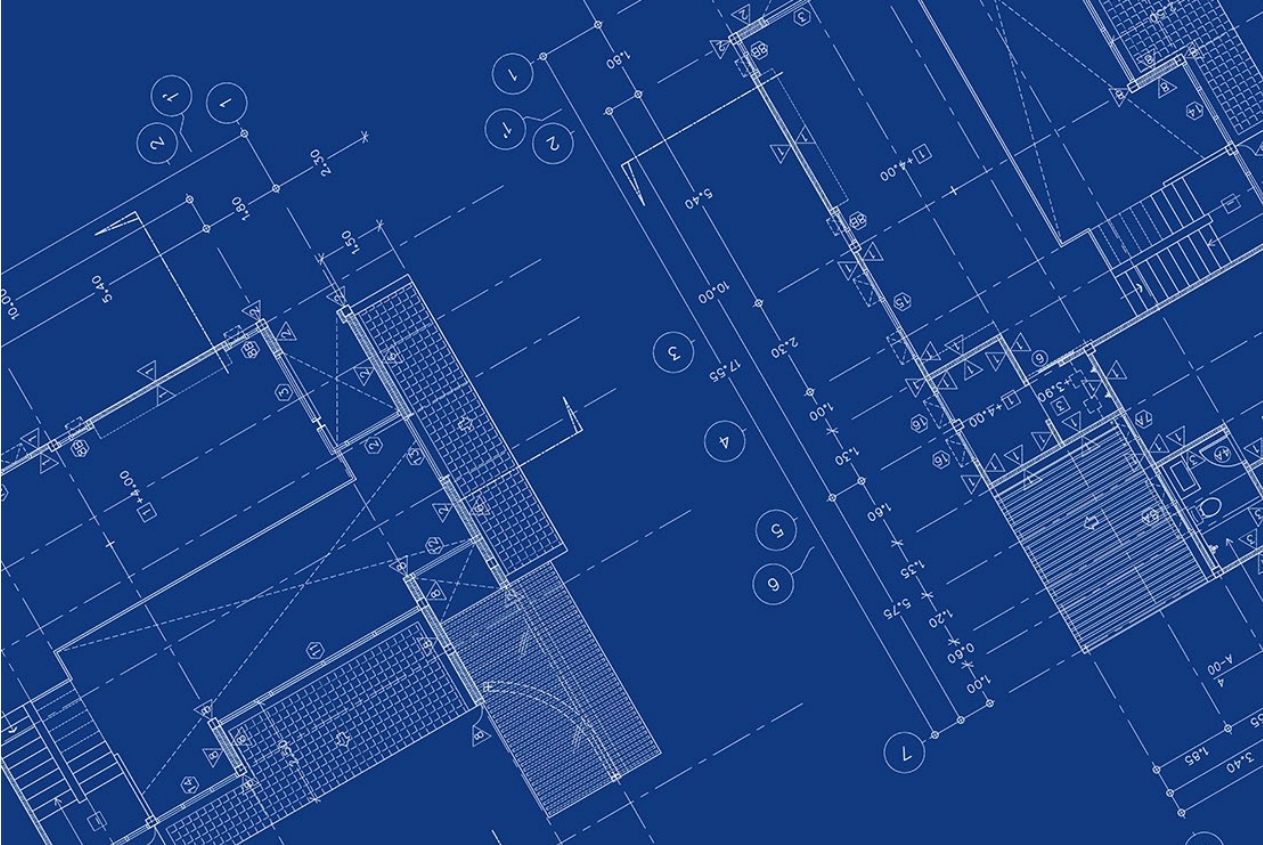
Why Does this Budget Look So Different?





*Things are
changing...*

We are adjusting

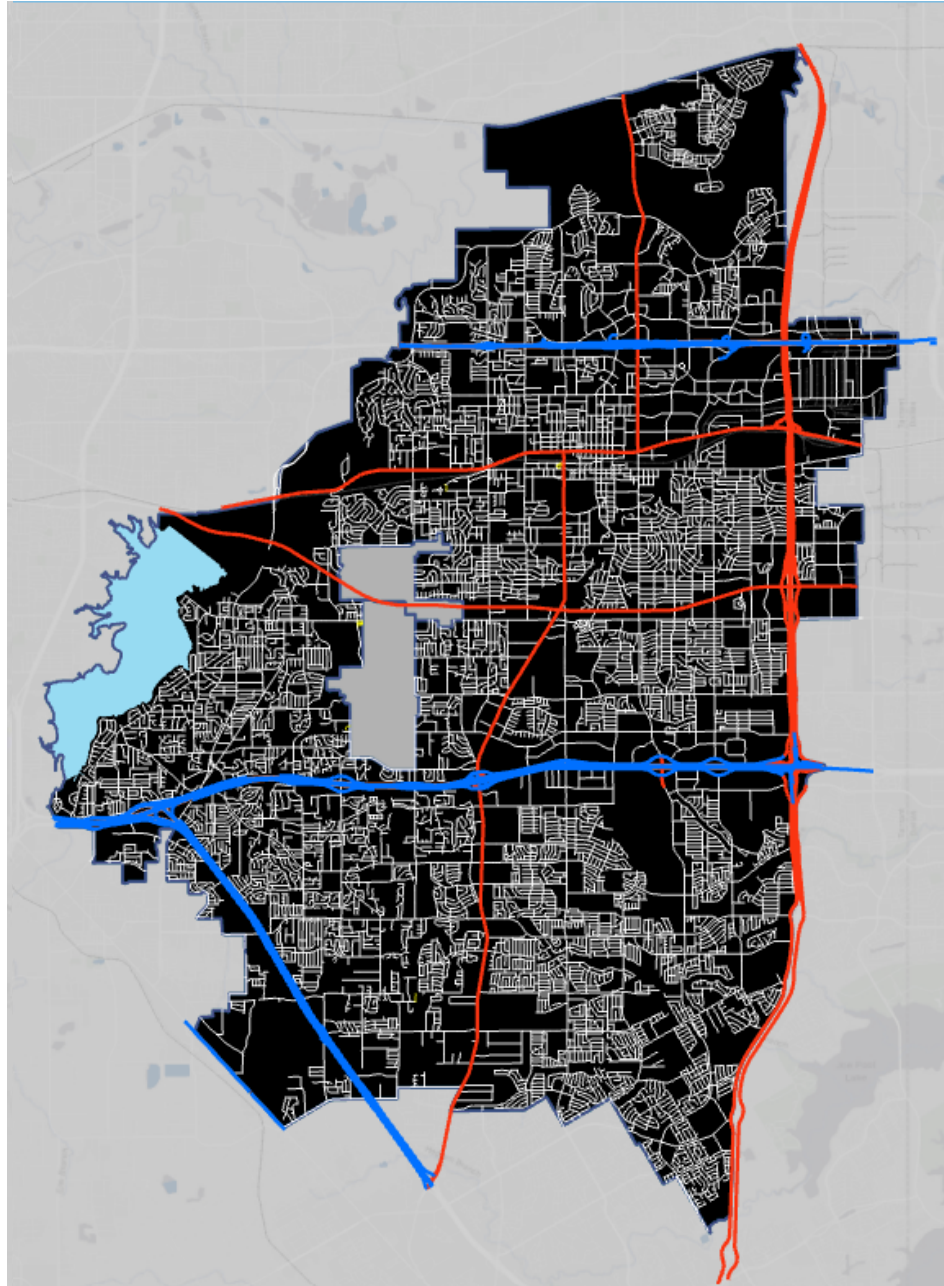


Systemic Structural Changes

Levels of Government Services

Level of Government	Key Roles and Responsibilities
Federal	<ul style="list-style-type: none">- National defense, foreign policy, immigration- Regulates interstate commerce, trade, and currency- Enacts federal laws (e.g., tax codes, civil rights)- Administers federal programs (e.g., Social Security, Medicare)- Oversees federal courts and agencies (e.g., FBI, EPA)
State	<ul style="list-style-type: none">- Enacts state laws (e.g., criminal codes, education standards)- Manages state budget and taxes- Oversees public education, higher education (e.g., University of Texas system)- Regulates state infrastructure (e.g., highways, utilities)- Administers state agencies (e.g., Texas DPS, Health Services)
County	<ul style="list-style-type: none">- Enforces state laws locally (e.g., sheriff services, jails)- Maintains county roads, bridges- Administers elections and voter registration- Manages property records, tax collection- Provides public services (e.g., health clinics)
Local	<ul style="list-style-type: none">- Enacts local ordinances (e.g., zoning, noise regulations)- Manages city police, fire departments, 9-1-1 dispatch- Maintains local infrastructure (e.g., streets, water utilities)- Oversees parks, recreation, and community services- Issues permits (e.g., building, business licenses)

Illustration: Federal/ State/ County/ City Roads



City Contributions to the State

- Sales Tax Service Fee – \$2.8M
- Court Fines – \$2.3M
- Payments to Other Agencies – \$0.7M

Total – \$5.8M

1.6 Cents on Tax Rate

The Future of Property Tax is Limited

- This leaves us to provide for ourselves
- We work to find creative ideas and innovations to solve our own problems
- We work within State limits



Limits

- Revenue Caps
- Tax Caps
- Broad Preemptions
- Centralization of Authority at the State Level



Why does local government do what we do?

- Service delivery designed to meet local demands
- Residents expect us to serve them and be ready to do it when they need it most
 - Much of what we do is an insurance policy – in case there is an emergency
- We are proud to meet these needs and provide these services
- But there is a cost of government



Citizens Don't Want Less

- They want value
- But they don't want less services
- There is a tension of what people want to pay for service vs. the services they want



Local Government at Work



This budget outlines our best efforts to address the cascading challenges of other entities constraints on the City's operations

BUDGET FY 2026



**Next
Steps**

FY 2026 Budget Calendar

- Proposed Budget Presentation – August 5
- Special Budget Meeting – August 12
- Scheduled Council Meetings
 - August 26
 - September 2
- Town Hall Meetings
 - Thursday, August 14 – South District Police Station
 - Thursday, August 21 – City Council Chambers
- September 9
 - Tax Rate Public Hearing
 - Budget Public Hearing
 - First Vote on Budget and Tax Rate
- September 16
 - Second Vote on Budget and Tax Rate

| Follow our Story

- Presentations from this year
- Proposed Budget Document

PIECING IT
Together»
Arlington's FY26 Budget



Discussion

