

# FY 2026 Budget Preview November 1, 2024



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# Overview

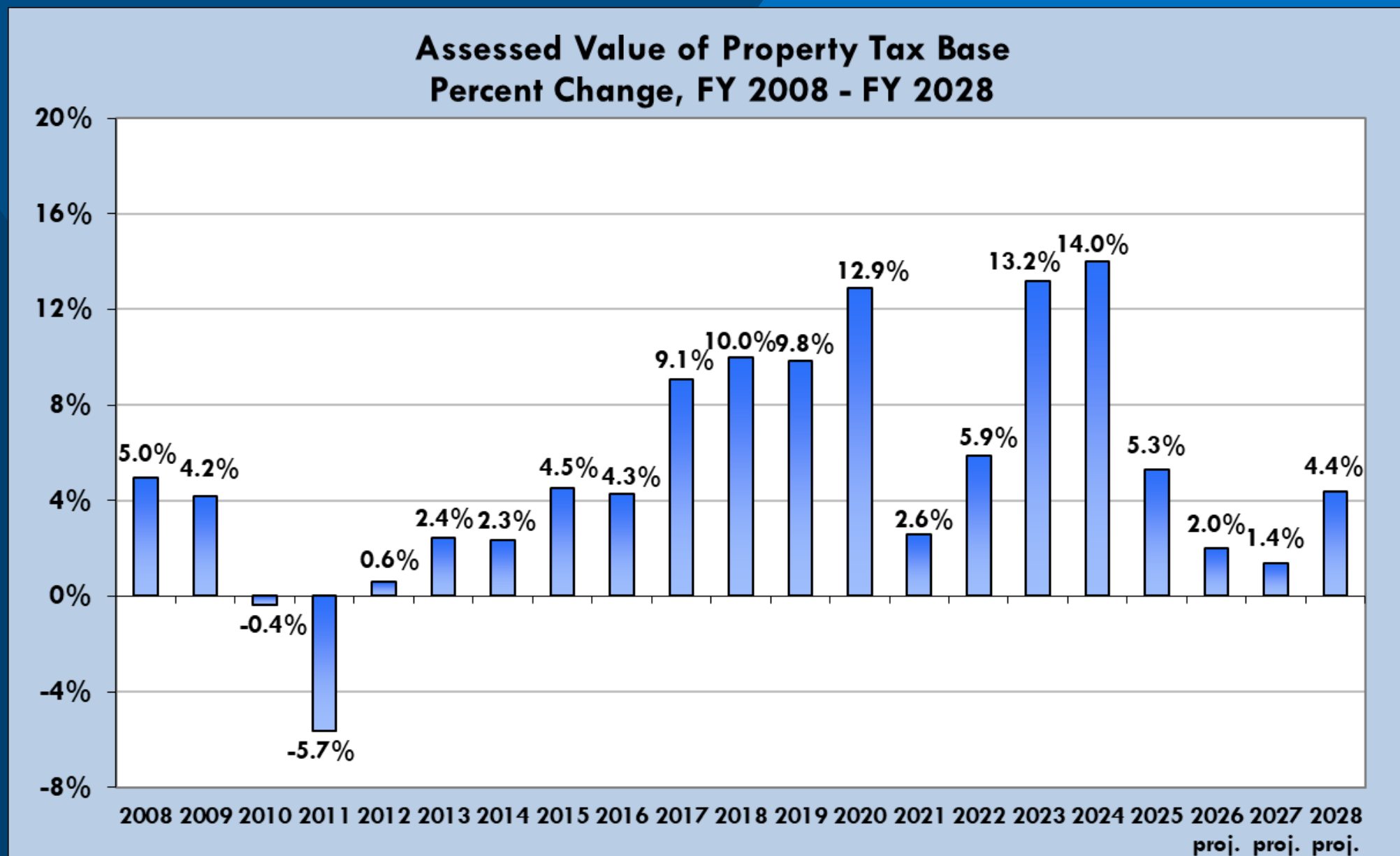
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- FY 2026 Landscape
- FY 2026 Funding Preview
- Program Inventory
- Budget Reduction Strategies
- Deficit Progress

# ..... **FY 2026 & FY 2027 Property Values**

- Tarrant Appraisal District's (TAD) biennial reappraisal plan will freeze ALL residential property market values at January 2024 values.
- The next appraisal will occur as of January 1, 2027 (FY 2028).
- A Homestead whose appraised value is less than its market value, due to the 10% Cap, will still have its appraised value increase during this time until it equals market value.

# ..... Property Tax Base



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# **FY 2025 Reductions**

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- \$5.8M in Base Budget Expenditure Reductions
    - Reallocated Healthcare Savings – \$2.7M General Fund | \$3.4M Citywide
    - Department Budget Reductions – \$2.3M
      - Cut 22 Vacant Positions – \$800k
      - Lawson Savings – \$653k
  - Creation of Airport Enterprise Fund

# ..... Mini Multi-year Forecast



## Property Tax and Sales Tax Combined = 74% of General Fund Revenues

	FY 2025 Budget	FY 2026 Proj.	FY 2027 Proj.	FY 2028 Proj.	FY 2029 Proj.
Sales Tax (3% annual growth)	\$ 97,249,802	\$ 100,167,296	\$ 103,172,315	\$ 106,267,485	\$ 109,455,509
Property Tax (1.4% FY26, 1.5% FY27, 3.5% forwa	<u>152,001,691</u>	<u>154,144,915</u>	<u>156,457,089</u>	<u>161,933,087</u>	<u>167,600,745</u>
Total	249,251,493	254,312,211	259,629,404	268,200,571	277,056,254
Annual Revenue Growth		\$ 5,060,718	\$ 5,317,193	\$ 8,571,168	\$ 8,855,683
<b>Known Investments:</b>					
Restore ARP Funded Items to General Fund		\$ 3,820,636	\$ -	\$ -	\$ -
Annual Compensation Adjustments - 3% per year		6,900,000	7,000,000	7,100,000	7,200,000
Maintain Police & Fire Steps		1,300,000	1,300,000	1,300,000	1,300,000
Active Adult Center Funding		203,570	-	-	-
EMS and Fire Dispatch Consolidation		904,146	-	-	-
COPS Grant Positions (24 Positions)		470,158	811,457	120,932	-
Eliminate Police Turnover Factor		718,501	-	-	-
New Electric Contract		500,000	500,000	-	-
Average Annual Contractual Increases		1,500,000	1,500,000	1,500,000	1,500,000
Healthcare Increases - 4% per year		800,000	830,000	860,000	900,000
Maintain 20% Reserve Levels		3,423,402	2,388,291	2,176,186	2,180,000
Annual Expenditure Growth		\$ 20,540,413	\$ 14,329,748	\$ 13,057,118	\$ 13,080,000
Funding Gap		\$ (15,479,695)	\$ (9,012,556)	\$ (4,485,951)	\$ (4,224,317)

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# Program Inventory Themes

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- Based on your feedback since the beginning of the FY 2025 budget process, we've identified areas where we will focus more of our efforts as we look to close the funding gap
    - Total Compensation / Fringe Benefits
    - School Safety: Crossing Guards and School Resource Officers
    - Downtown and Branch Libraries
    - Tarrant Appraisal District
    - Police Special Units
    - Staff and Mayor & Council Travel
    - Document Services
    - Miscellaneous City-wide Memberships

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# **Program Inventory Themes**

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- Less emphasis will be focused on these areas of higher priority:
    - Street Maintenance
    - Economic Development
    - Code Compliance
    - Homeless Camp Mitigation
    - Multi-family Inspections
    - Increased Patrol Operations



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# **Program Inventory Themes**

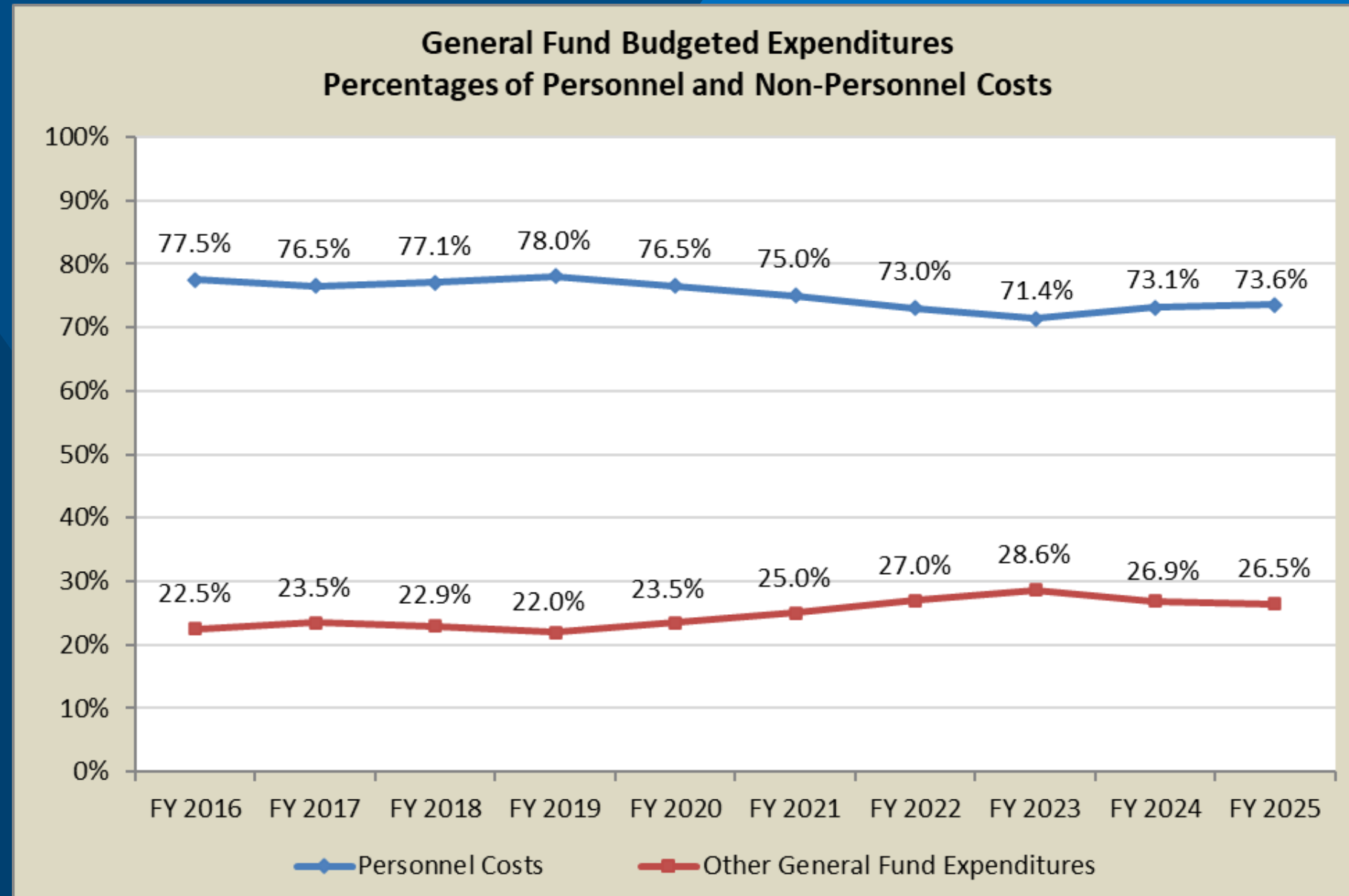
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- Mixed feedback was provided on a handful of areas:
    - Office of Business Diversity
    - Clean Corridor Program
    - Fire Operations
    - Medical Services

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# Budget Balancing Strategies

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- The tools we will utilize to help close the funding gap:
    - Compensation Total Rewards Review
    - Fee Reform
    - Debt Structure for Future Issuances / Tax Notes
    - Service Reductions
    - Facility Closures
    - Fleet Right Size / Standardization
      - Hybrid Leasing Format
    - Efficiency Measures
    - Position Reductions (Filled and Unfilled)
    - Business Continuity Reserve

# ..... General Fund Expenditures



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# Closing the Gap

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## Estimated Preliminary Cost Savings Measures

- Develop a Short-term Debt Strategy – \$1.9M
- Shift Employee Insurance Premium Cost-share Ratio (phased approach) – \$800k
- Implement a Fire HazMat Cleanup Fee – \$600k
- Eliminate a vacant Deputy Chief position in the Police Department – \$200k
- Eliminate the vacant Deputy City Manager position – \$300k
- Shift Citizen Survey to a Biennial Survey – \$40k



# CLOSING THE \$15.5M GAP

**\$3.8M**

REMAINING GAP  
**\$11.7M**

# Questions & Discussion

