



FARMERS BRANCH  
TEXAS

# BUDGET WORKSHOP - FY 2026-27

Budget Workshop | City Council Meeting | JUNE 2, 2026



City of Farmers Branch

## **FY 2026–27 Budget Goals**

- 1** Address Council & Community Priorities
- 2** Focus on Public Infrastructure, Economic Development, Connected Neighborhoods, & Public Safety
- 3** Keeping the process open, honest, and transparent

# BUDGET TIMELINE



## BUDGET DISCUSSION TOPICS

- Budget Overview/Process
- Strategic Budget Priorities
- Revenue/Expenditure Updates
- Infrastructure
- Investment in Community-Centered Projects/Contracts
- Tax Rate
- Grants
- Staffing & Compensation
- Employee Benefits



FY 2026-27

# TAX BILL DISTRIBUTION

- ❑ 27% of the property tax bill is for the City of Farmers Branch
- ❑ 73% of Farmers Branch property tax is commercial
- ❑ 68% of residents receive a 20% Homestead Exemption
- ❑ 31% of residents receive a \$100,000 Senior/Disabled Exemption

**The City of Farmers Branch receives 27% of the property taxes you pay.**  
The rest is distributed among the other taxing entities.



On average, residents pay \$1,969 in property taxes to the City of Farmers Branch. That is the equivalent of about \$164 per month for City services that include:

**Police, Fire & EMS**  
**Street Maintenance**  
**Code Enforcement**

**Animal Control**  
**Trash & Recycling**  
**Bulk Collection**

**Library Services**  
**Recreation Facilities**  
**Parks and Trails**



*Based on an average home value of \$452,788.*

# FY 2026-27

## Low Rates. Strong Exemptions. Real Savings

Farmers Branch provides one of the region's most competitive tax rates, enhanced by substantial senior and homestead exemptions that significantly reduce taxable property values for residents.

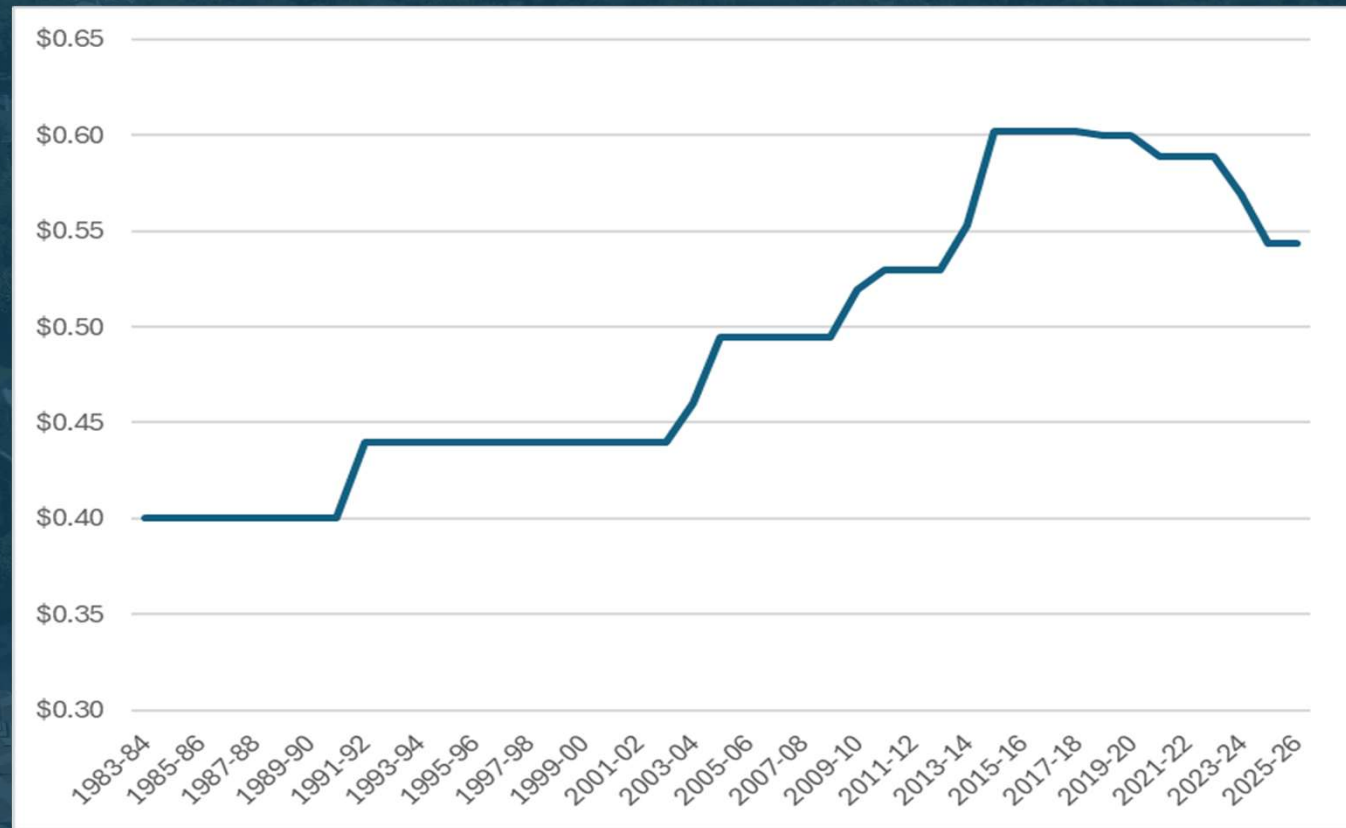
SURROUNDING CITIES	2025 Tax Rate	Avg Senior Tax Amount	Avg With Homestead
1. Frisco	0.425517	\$1,200.94	\$1,541.35
2. Plano	0.437600	\$1,410.08	\$1,585.12
3. Allen	0.415400	\$1,579.14	\$1,786.84
4. Coppell	0.444976	\$1,469.08	\$1,914.06
5. Carrollton	0.537500	\$1,355.74	\$1,946.99
<b>6. Farmers Branch</b>	<b>0.543500</b>	<b>\$1,425.22</b>	<b>\$1,968.72</b>
7. Princeton	0.440226	\$1,883.23	\$1,993.29
8. Irving	0.589100	\$1,780.44	\$2,133.90
9. Addison	0.608100	\$1,837.86	\$2,202.72
10. Richardson	0.542180	\$1,587.44	\$2,454.93
11. Wylie	0.543438	\$2,297.59	\$2,460.62
12. Dallas	0.698800	\$1,308.37	\$2,531.27

*Based on 2025-26 protested rates and an avg home value of \$452,788.*

# FARMERS BRANCH PROPERTY TAX HISTORY

## FACTORS

- City growth
- 40+ different elected officials
- Recessions
  - Gulf War Recession
  - Dot-com Recession
  - The Great Recession
  - The COVID-19 Recession
- Increase in service level expectations.



# FACTORS IMPACTING REVENUES



**Business Personal Property (BPP) Exemption Impact (Effective 1/1/2026)** - Recent state legislation increasing BPP exemptions will impact FY 2027 revenues, reducing taxable commercial value and shifting more burden onto real property.



**Appraisal District Pressures & Protest Activity** - Increased property tax protests and rising Dallas CAD operating costs (driven by higher protest volumes, legal costs, and required notifications) create downward pressure on certified values.



**Sales Tax Volatility** – Local sales tax revenues remain highly sensitive to consumer spending patterns, inflation, tariffs, and broader economic cycles.



**Interest Income** – Elevated rates have recently increased investment earnings; however, anticipated rate declines may reduce this revenue stream going forward.

# FACTORS IMPACTING EXPENDITURES



**NTECC**



**Contractual/Operational  
Cost Increases**



**Healthcare Cost  
Increase**



**Economic Development  
Incentives**

FY 2026-27

## Property Tax

Property Tax projected – FLAT

Overall Property Assessment – FLAT

Est. Revenue \$46MM – FLAT

Most stable and consistent



# SALES TAX



FY 2026-27

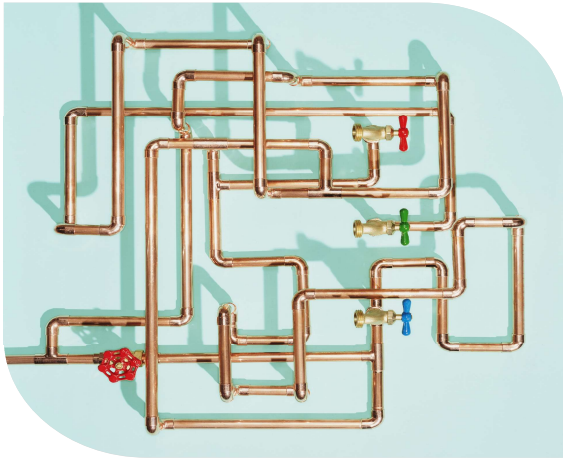
## Sales Tax

**Volatile but STABLE**

**Threatened by the Legislature & Point of Sale**

**Revenue Stabilization Fund**

## BUDGET REFLECTING COUNCIL PRIORITIES



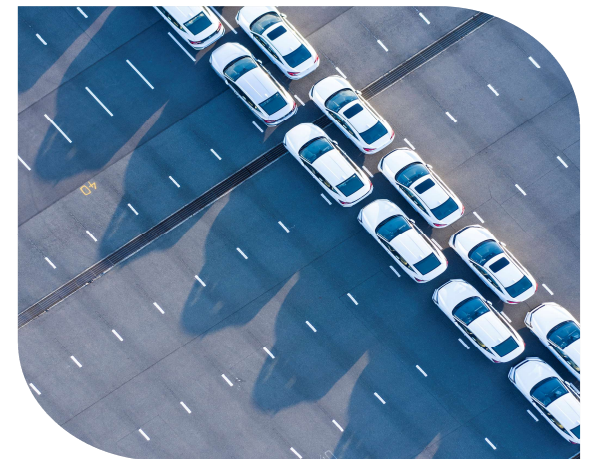
- ❑ Increasing the investment in water/wastewater infrastructure - from \$9MM to \$12.8MM

- ❑ Economic Development



- ❑ Pedestrian Traffic Improvements - \$1.8MM

- ❑ Community Garden - through Community & Business Partnership



- ❑ IT Maintenance - \$150K

- ❑ Facility Assessment and Improvements

# Water and Wastewater Rates

## UTILITY INFRASTRUCTURE INVESTMENT

- Water & Wastewater Rate Increases
  - TRA – Increases 7 to 11% annually
  - DWU – Increases 10 to 15% annually
  - CoFB – No increase in 10 years
- Infrastructure Reliability
  - Regulatory requirements
  - Maintenance vs. repairs
  - 60+ years old pipes

## 5 YEAR CIP BREAKDOWN

CIP YEAR	WATER CIP COST	WASTEWATER CIP COST	TOTAL COST
2026	\$7,662,000	\$5,118,000	\$12,780,000
2027	\$8,599,000	\$6,583,000	\$15,182,000
2028	\$8,519,000	\$3,917,000	\$12,436,000
2029	\$8,505,000	\$4,165,000	\$12,670,000
2030	\$8,655,500	\$3,911,000	\$12,566,500

# DWU & TRA RATES

DWU's current projections for wholesale rate increases range from 10 to 15% annually

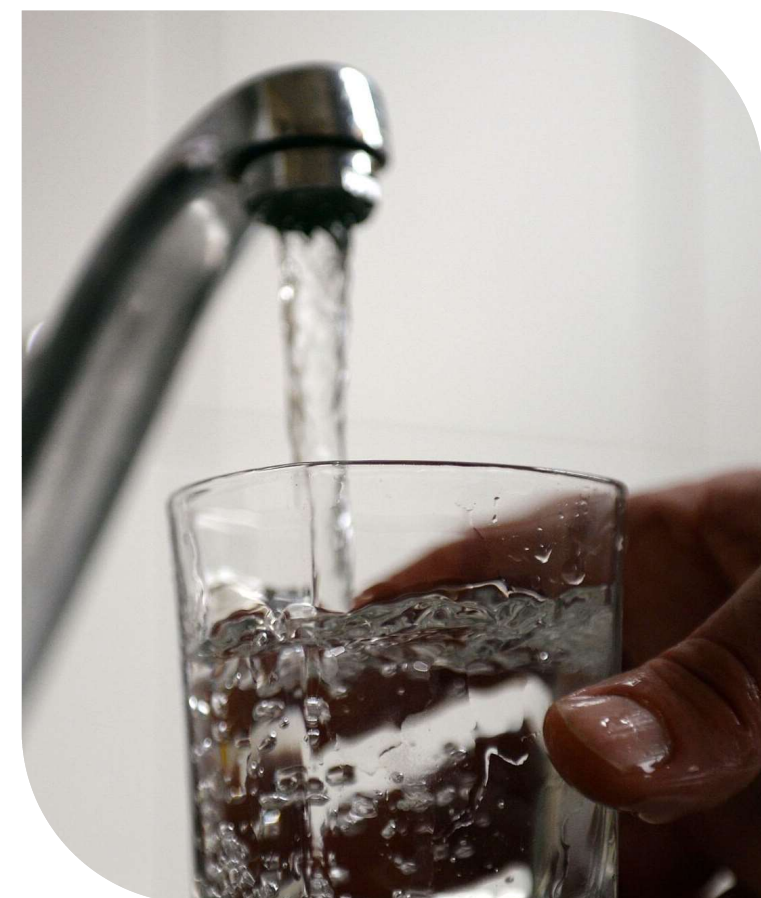
	FY 2024	FY 2025	FY 2026 Budget	FY 2027 Proj.
\$ Paid Annually	7,060,234	7,728,751	7,714,100	8,871,215
% Change		9.5%	-0.2%	15.0%

TRA's current projections for wholesale rate increases range from 7 to 11% annually

	FY 2024	FY 2025	FY 2026 Budget	FY 2027 Proj.
\$ Paid Annually	5,481,628	6,160,619	7,230,400	8,002,100
% Change		12.4%	17.4%	10.7%

**Note: Annual CoFB Water Purchase/Treatment Cost has increased by approximately 5.4 million (TRA – 61.3%, DWU – 56.2%) past 10 years – Farmers Branch did not have a rate increase over the same period.**

# WATER/WASTEWATER RATES



Dashboard						
	2025	2026	2027	2028	2029	2030
<b>Water</b>						
Meter Charge	0.00%	15.00%	12.00%	12.00%	5.00%	5.00%
Volumetric Charge	0.00%	15.00%	12.00%	12.00%	5.00%	5.00%
<b>Wastewater</b>						
Meter Charge	0.00%	15.00%	12.00%	12.00%	15.00%	10.00%
Volumetric Charge	0.00%	15.00%	12.00%	12.00%	15.00%	10.00%

	2025	2026	2027	2028	2029	2030
<b>Water</b>						
Fixed Charge Revenue (%)	36.47%	35.70%	35.16%	34.72%	34.46%	34.21%
Volumetric Charge Revenue (%)	63.53%	64.30%	64.84%	65.28%	65.54%	65.79%
<b>Wastewater</b>						
Fixed Charge Revenue (%)	51.64%	51.93%	52.15%	52.39%	52.39%	53.83%
Volumetric Charge Revenue (%)	48.36%	48.07%	47.85%	47.61%	47.61%	46.17%

Revenues (\$)						
	2025	2026	2027	2028	2029	2030
<b>Water</b>						
Change in Net Assets	\$ 6,924,888	\$ 13,509	\$ 772,869	\$ (2,265,828)	\$ 913,237	\$ 3,542,515
Ending Fund Balance	9,991,169	10,004,678	10,777,547	8,511,719	9,424,956	12,967,470
<b>Wastewater</b>						
Change in Net Assets	\$ (2,549,373)	\$ (4,884,500)	\$ (1,789,655)	\$ 1,743,040	\$ 199,326	\$ (1,616,138)
Ending Fund Balance	516,908	(4,367,592)	(6,157,247)	(4,414,207)	(4,214,881)	(5,831,019)
<b>Combined</b>						
Change in Net Assets	\$ 4,375,515	\$ (4,870,992)	\$ (1,016,786)	\$ (522,788)	\$ 1,112,563	\$ 1,926,377
Ending Fund Balance	10,508,078	5,637,086	4,620,299	4,097,511	5,210,074	7,136,451

1. Removing wastewater limits for single-family residential.
  1. Generates approx. \$1,000,000 in annual revenue (equates to 3% rate increase)
  2. Adding a 10% discount for Senior Citizens or disabled persons

FY 2026-27

**HOTEL/MOTEL FUNDS**

**FIREHOUSE THEATRE**

\$50,000 – granted in FY 2025-26

\$40,000 - Additional Request for FY 2026-27

**INVESTMENT IN  
COMMUNITY-CENTERED  
PROGRAMS/CONTRACTS**

**METROCREST SERVICES**

\$200,000

**WOVEN HEALTH CLINIC**

\$50,000

**MINOR HOME REPAIR PROGRAM AND CODE  
CARE**

\$75,000

**GENERAL FUND**

## GRANTS

- ❑ Current Grant Amount Being Managed:  
\$36,996,289
- ❑ Fiscal year 26-27:  
\$2,123,437



# Questions

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