

**AFTER-ACTION REPORT**  
**FY 2026-27 BUDGET STUDY SESSION #1 & 2**

City of Farmers Branch

Date: May 5, 2026

**Purpose of Budget Study Session #1**

The purpose of this study session was to:

- Formally initiate the FY 2026-27 budget process
- Provide a high-level overview of the budget process, timeline, and expectations
- Establish a framework for future study sessions
- Reinforce transparency and community engagement efforts
- Set expectations for ongoing, phased discussions at each Council meeting

**Agenda Item Highlights and Overview**

- The session opened with the City's Budget Overview Video, which provided:
  - A high-level explanation of the City's budget structure, including the General Fund, Utility Funds, and CIP
  - Context on how revenues are generated and allocated
  - Reinforcement of the City's commitment to transparency and public engagement
- Following the video, the presentation focused on establishing the foundation of the budget process, emphasizing the budget:
  - Reflects Council and community priorities
  - It is a comprehensive, year-long process
  - Serves as both a financial and policy framework
- Outlined the FY 2026-27 budget development timeline, including:
  - Departmental submissions (Spring)
  - Proposed budget (July 31)
  - Council review and public engagement (August)
  - Adoption of budget and tax rate (September)
- Introduced a shift toward a multi-year (3-year) strategic planning approach to enhance long-term alignment and reduce annual rework
- Established expectations for ongoing study sessions at each Council meeting, designed to:
  - Break down complex topics into manageable discussions
  - Allow for incremental review and feedback
  - Improve overall clarity and transparency throughout the process
- Initial financial outlook discussion indicated:
  - No major risks identified at this stage
  - Continued monitoring of key revenue drivers, including:
    - Property tax valuations
    - Sales tax performance
    - Departmental budget submissions

## **Purpose of Budget Study Session #2**

The purpose of this study session was to continue building upon the framework established during Budget Study Session #1 by:

- Providing additional transparency into the City's budget structure, revenue streams, and infrastructure needs
- Transitioning from departmental budget submissions into internal administrative review
- Continuing the phased "one bite at a time" budget education approach
- Introducing preliminary operational priorities, revenue considerations, and infrastructure funding discussions
- Gathering Council feedback to shape future study sessions and public communication efforts

Consistent with Budget Study Session #1, staff intentionally built upon prior presentations in order to demonstrate progression, maintain continuity, and enhance transparency throughout the budget development process.

## **Agenda Item Highlights and Overview**

- Staff provided an update on the current phase of the budget process, noting all departmental operating budgets, payroll projections, and capital project updates have been submitted and are currently under internal administrative review.
- The presentation continued providing educational information and context regarding the City's budget structure, including the General Fund, Enterprise Funds, Hotel/Motel Fund, and Capital Improvement funding structure.
- Staff provided additional context regarding the City's property tax structure, tax rate history, exemptions, and the relationship between tax rates and service delivery levels.
- Preliminary FY 2026-27 operational priorities and funding discussions included:
  - Increased Water/Wastewater CIP funding transfers
  - Traffic and pedestrian infrastructure improvements
  - Facility maintenance funding
  - IT infrastructure maintenance
  - Community garden conceptual design funding
  - Monument signage initiatives
- Staff discussed the City's long-term water and wastewater infrastructure funding strategy, including previously approved multi-year utility rate increases intended to address historical infrastructure deficiencies while reducing future debt issuance needs.
- Revenue discussions included:
  - Business Personal Property exemption changes at the State level
  - Appraisal district protest pressures and associated costs
  - Sales tax volatility and potential legislative risks associated with point-of-destination sales tax proposals
  - Anticipated declines in interest income due to projected federal rate cuts

- Staff reiterated the importance of the Revenue Stabilization Fund as a long-term financial safeguard against economic volatility and potential legislative changes impacting sales tax revenues.
- Staff highlighted current community partnership investments, including Metrocrest Services, Woven Health Clinic, Minor Home Repair Program, and Firehouse Theatre funding support.
- Staff discussed ongoing and upcoming grant opportunities, noting approximately \$1 million in currently identified grant opportunities requiring planned matching funds.
- Staff expanded on public communication and transparency initiatives, including continued use of:
  - Budget educational videos
  - Budget briefs/trifolds
  - Infographics
  - E-newsletters
  - Town halls
  - Public-facing educational materials

## **Council Feedback and Follow-up Items**

### **a. Property Tax and Revenue Forecasting**

- Council requested updated projections regarding the anticipated property tax rate, with additional information expected in early August.
- Discussion emphasized the importance of long-term financial forecasting and continuation of the City’s multiyear financial planning approach.
- Council discussed challenges associated with increasing property appraisals, statutory revenue caps, and balancing affordability with service delivery.
- Emphasis was placed on diversifying revenue sources, particularly through sales tax growth, to offset pressures on property tax revenues.

### **b. Water/Wastewater Rates and Utility Infrastructure**

- Council discussed resident concerns regarding recent water bill increases and the impacts associated with sewer cap adjustments.
- Council emphasized the importance of continued public education regarding water consumption and conservation needs.
- Requests were made for simplified and more user-friendly graphics illustrating:
  - Historical and projected water/sewer rate impacts;
  - Average residential utility usage comparisons;
  - Dollar impacts to households over time; and
  - How utility revenues are utilized for infrastructure investments.

### **c. Budget Transparency and Public Communication**

- Council emphasized the importance of maintaining transparency throughout the budget process and providing information in multiple communication formats.
- Requests included:
  - Continued use of digital communication platforms;
  - Availability of printed educational materials for residents preferring hard copies;

- Development of one-page summaries and trifold handouts for public meetings; and
- Distribution of educational materials as early as possible to support public awareness efforts.
- Council reinforced the value of consistent public engagement and ongoing educational outreach regarding the City's budget structure and financial priorities.

**d. Community Events and Programming**

- Council expressed appreciation for Parks and Recreation programming and community engagement opportunities.
- Requests were made for enhanced transparency regarding event-related expenditures, including:
  - Event-specific cost breakdowns; and
  - Public-facing summaries identifying funding allocations associated with individual events.

**e. Community Garden Discussion**

- Clarification was provided that discussions regarding the community garden remain focused on general design concepts and overall visioning efforts at this stage.

**f. Grants and External Funding**

- Council requested a detailed breakdown of grant funding received by the City, including:
  - Grant amounts;
  - Associated projects and initiatives; and
  - Intended use of awarded funds.
- Appreciation was expressed for legislative representatives' efforts in securing external funding opportunities.

**g. Minor Home Repair Program**

- Council requested historical expenditure information related to the Minor Home Repair Program to better evaluate long-term funding needs and future program adjustments.

**h. Sales Tax and Revenue Stabilization**

- Discussion occurred regarding potential state legislative impacts on municipal sales tax revenues.
- Council emphasized the importance of communicating to residents how Revenue Stabilization Fund reserves may be utilized should future legislative changes affect sales tax collections.