UNIVERSITY PARK CITY COUNCIL
AGENDA MEMO

Meeting Date:	**Item Type:**
8/4/2026	Public Hearing

Subject: Public Hearing and Possible Action – Proposed FY2027 Budget, including the “Budget+” Supplemental Package

Prepared By: Thomas W. Tvardzik, Finance Director

Background:

Section 102.006(a) of the Texas Local Government Code (“TLGC”) requires City Council to hold a public hearing on the proposed budget. Any person may attend and participate in the hearing.

Under TLGC 102.006(b), the hearing must occur after the 15th day following the filing of the proposed budget with the City Secretary and before the City levies its property tax. The proposed budget was filed on July 10, 2026, posted on the City’s website, and made available for public inspection. This requirement has been met.

A Notice of Public Hearing was published in the Daily Commercial Record on July 23, 2026 - 12 days before the hearing - in compliance TLGC 102.006(c) and 102.0065. The notice specified the hearing was scheduled for August 4, 2026.

The purpose of this agenda item is to receive public comments regarding both the base budget and contingent Budget+ supplemental package. TLGC § 102.007(a) requires Council to take action on the proposed budget at the conclusion of the hearing; staff recommends a vote to postpone final action until August 17, 2026. Budget adoption, contingent Budget+ appropriations, ratification of the property-tax revenue increase, adoption of the tax rate, and the order calling the required tax-rate election will be considered under separately posted agenda items and separate votes.

Proposed budget

The proposed budget has two components:

1. The City’s base operating budget; and
2. Budget+, a supplemental package of public-safety, pension, and parking technology expenditures contingent upon voter approval of a property-tax rate exceeding the voter-approval tax rate.

Presenting the two components separately allows the City Council and the public to distinguish the expenditures supported by the base budget from those that will be undertaken only if the proposed tax rate is approved by voters.

Base Budget

The base budget funds the City's current operations, personnel, services, capital transfers and previously authorized programs.

The proposed FY2027 Base Budget totals **$75,653,799** across all budgeted funds, 4.4% higher than the adopted FY2026 budget of $72,447,126. It assumes a property-tax rate of **$0.209534** per $100 of taxable value, compared with $0.218565 in fiscal 2026. The **$45,764,809** General Fund budget is $1,726,684, or 3.9%, above FY2026.

Key elements of the Base Budget include:

- An 8% increase (year-over-year) in the City's certified taxable value.
- A proposed Base Budget tax rate of $0.209534 per $100 of taxable value, or 20.9534 cents, which is a decrease of 0.9031 cents, or 4.1% below FY2026.
- A 3.49% increase ($928,878) in projected property tax revenue from FY2026.
- An 8.0% increase ($550,000) in sales and mixed beverage tax revenues.
- A 20% increase ($250,000) in interest revenue.
- The General Fund remains balanced.
- Water rates increase 7% to fund higher DC/PC MUD water costs and City overhead.
- Wastewater rates remain unchanged despite a $140,000 increase in Dallas Water Utilities costs.
- Sanitation rates increase 6%; recycling rates increase 12%.
- Stormwater rates remain unchanged.
- Citywide compensation and benefits changes, based on a recently completed salary study, include merit, cost-of-living, market, and compression adjustments.
- Technology Services costs are more fully allocated to user departments to improve cost recovery.

Additional detail is provided in the Proposed Budget by Fund and Department, Budget Worksheet Report, and FY2027 City Manager's Budget Message.

Budget+ Supplemental Package

Budget+ totals **$1,459,476**, consisting of approximately **$1,066,286 in recurring expenditures** and **$393,190 in one-time expenditures**.

Program	Description	Amount
Police	Four additional Patrol FTEs, salaries and benefits	$500,000
	Patrol vehicle	85,000
	Patrol equipment	16,560
Police subtotal		**$601,560**
Fire	Two additional Fire Department FTEs, salaries and benefits	$250,000
	Equipment	13,400
Fire subtotal		**$263,400**
Pension	Reduction in vesting period from 20 years to 10 years	$7,259

	Enhancement of the benefit formula from 60% of final average earnings at 20 years to 75% at 25 years	293,027
Pension subtotal		**$300,286**
Parking/Technology	Parking-enforcement vehicle and equipment	$46,230
	Two license-plate recognition systems	150,000
	Resident portal (includes $16,000 recurring cost)	98,000
Parking/Technology subtotal		**$294,230**
Total Budget+ package		**$1,459,476**

Budget+ would require $1,459,476 in additional property-tax revenue. The proposed tax rate to accommodate Budget+ is **$0.220055 per $100 of taxable value - $0.010521 above the Base Budget rate.** Because the proposed rate exceeds the City's voter-approval tax rate, voter approval is required.

The Budget+ appropriations would take effect only after approval of the proposed tax rate by the voters and certification of the election results. If voters do not approve the Budget+ rate, the City will operate under the Base Budget and the default Voter Approval Tax Rate.

Financial Impact

	Base Budget	Budget with Budget+
Total budget	$75,653,799	$77,113,275
Property-tax revenue	$29,065,300	$30,524,776
Proposed tax rate	$0.209534	$0.220055
Tax on median taxable residence	$3,848	$4,041
Increase attributable to Budget+	—	$193

If voters do not approve the proposed rate, the Budget+ appropriations will not take effect, and the City's tax rate will be the voter-approval tax rate of $0.210390 per $100 of taxable value, as provided by Texas Tax Code §26.07(e). The city will operate under the Base Budget. The voter-approval tax rate is $0.000856 higher than the $0.209534 rate required to fund the Base Budget.

Fiscal Impact:

☐ Not Applicable

☐ Budget Amendment Required

☒ Proposed Revenue

☒ Proposed Expenditure

Funding Source: General operating revenues; Budget+ funded by contingent property-tax revenue.

Master Plan Goal*:*
Please check the associated Theme and provide the corresponding action item number.

	Theme	Action Item(s)
☐	Affirming Sense of Place	
☐	Assuring Connectivity	
☐	Innovative Governance	
☒	Technological Integration	
☒	Preparing for the Future	
☐	Not Applicable	

Recommendation:

Open the public hearing; receive the staff presentation; invite public comment on the proposed FY2027 budget, including the Base Budget and Budget+; and close the hearing.

At the conclusion of the hearing, vote to postpone final action on the proposed budget until the August 17, 2026, special City Council meeting.

Committee Review *(optional):*

The Finance Advisory Committee reviewed and recommended the Base Budget to City Council on July 23, 2026. Consideration of Budget+ was deferred pending receipt of final tax-rate information. Staff will circulate that information to the Committee, obtain each member's recommendation by email, and report the results to City Council.

Attachments:
- Budget Cover Page (Final version will reflect both the vote, and adopted tax rate).
- Budget Hearing Notice (Final, corrected version).
- FY2027 City Manager's Budget Message (budget overview).
- Proposed Budget by Fund and Department (high-level budget summary).
- Property Tax Impact (tax rate calculation and annual effect on a typical (A11) single-family home).
- Budget Report Detail
- Voter-Approval Tax Rate Initiatives ("Budget+")
- 2026 (FY2027) Tax Rate Calculation Worksheet.
- Taxpayer Impact Statement