



UNIVERSITY PARK CITY COUNCIL AGENDA MEMO

Meeting Date:
9/2/2025

Item Type:
Public Hearing

Subject: First Public Hearing - FY2026 Budget

Prepared By: Thomas W. Tvardzik, Finance Director

Background:

Budget hearings are a crucial step in the municipal budgeting process for the City of University Park, Texas. The hearings serve multiple purposes: they allow for public participation, ensure transparency, and provide a forum for city officials to present the proposed budget to the public. According to the Texas Local Government Code ("TLGC") Section 102.006(a), municipalities are required to hold a public hearing on the proposed budget to give taxpayers the opportunity to express their views, both for and against the proposed budget. In University Park, the practice is to hold two budget hearings to further encourage community involvement and provide ample opportunity for feedback and discussion.

TLGC 102.006(b) requires that a budget hearing be held no sooner than 15 days after the budget is filed with the municipal clerk. As August 15th was the filing date, a hearing commencing on September 2nd, complies with this requirement.

A Notice of Public Hearings was published in the Daily Commercial Record on August 20th, announcing the dates of the upcoming budget hearings, in accordance with TLGC 102.006(c). The first hearing is scheduled for **September 2**, and the second will follow on **September 16**. The public is encouraged to attend these sessions to ask questions, provide input, and express their views on the proposed financial plan. These meetings provide an essential forum for dialogue between the city's administration and its residents, ensuring that taxpayer funds are allocated in a manner that aligns with community needs and priorities.

During the hearing on **September 2**, city staff will present the proposed budget, outline anticipated revenues, expenditures, and any significant changes from the previous year. The second hearing on **September 16** will offer a chance to address any concerns or suggestions raised during the first session. This follow-up allows for any necessary adjustments to the budget proposal based on public feedback and may be used to provide additional clarity on specific budgetary issues. By holding two hearings, the City of University Park not only complies with the requirements of the Texas Local Government Code, but also demonstrates its commitment to a transparent and inclusive budgeting process.

As the University Park City Council traditionally holds the budget hearing over two consecutive City Council meetings, it would be appropriate to announce to the public on September 2nd that the budget hearing will be continued until the September 16th City Council meeting. At the close of the hearing on the 16th, the budget may be adopted.

Proposed budget

The proposed FY2026 budget of \$72,447,126 (all budgeted funds) is 3.5% higher than the adopted FY2025 budget of \$69,987,157 (net of fund balance usage). The General Fund budget of \$44,038,125 is 3.8% (or \$1,620,728) higher than FY2025.

Highlights of the proposed budget include:

- A 9.7% increase (year-over-year) in the City's certified taxable value.
- A proposed property tax rate of 21.8565 cents per \$100 of taxable value, which is a decrease of 1.1399 cents (or 4.96%), from FY2025.
- A 4.27% increase (\$1,150,935) in projected property tax revenue from FY2025.
- A 4.96% increase (\$325,000) in sales tax revenues.
- A 15.8% increase (\$305,000) in building permits and license fees
- A balanced General Fund budget.
- A 4% increase in water rates due to cost increases from the DC/PC MUD.
- A 4% increase in wastewater rates due to cost increases from DWU.
- A 9% increase in sanitation rates for FY2026.
- A 50% increase in current storm water rates to cover future costs.
- A 10.8% increase in PAYGO capital project funding (to \$9.5 million, net).
- No premium on equipment reserve funding rates.
- City-wide compensation/benefits change as follows:
 - 3% cost of living adjustment for all positions, effective January 1,
 - Merit increases (as needed),
 - Increase in both employer and employee health benefit costs, effective January 1.

Fiscal Impact:

- ☐ Not Applicable
- ☐ Budget Amendment Required
- ☒ Proposed Revenue
- ☒ Proposed Expenditure

Funding Source:

Master Plan Goal:

Please check the associated Theme and provide the corresponding action item number.



	Theme	Action Item(s)
<input type="checkbox"/>	Affirming Sense of Place	
<input type="checkbox"/>	Assuring Connectivity	
<input type="checkbox"/>	Innovative Governance	

<input type="checkbox"/>	Technological Integration	
<input type="checkbox"/>	Preparing for the Future	
<input checked="" type="checkbox"/>	Not Applicable	

Recommendation:

Open the public hearing, review the proposed FY2026 budget and invite public comments.

Announce the next public budget hearing to be held during the City Council meeting on September 16, 2025.

Committee Review (*optional*):

This budget was reviewed and recommended to City Council by the Finance Advisory Committee at their meeting on August 14, 2025.

Attachments:

- Budget Cover Page (Final version will reflect both the vote, and actual tax rate enacted).
- Budget Hearings Notice (Reflects Maximum Tax Rate).
- Budget Memo – prepared by City Manager to serve as a budget overview.
- Proposed Budget by Fund and Department - serves as a high-level budget summary.
- Property Tax Impact –illustrates the process used to calculate the property tax rate and the effect that rate will have on a typical single-family within the City.
- Budget Report Detail