



CITY COUNCIL MEMORANDUM

FROM: The Office of the City Manager **DATE:** September 8, 2025
SUBJECT: Conduct a Public Hearing and Consider Ordinance No. 2923, adopting the Fiscal Year 2026 Operating and Capital Budget, and ratify the increased property tax revenues reflected in the Fiscal Year 2026 adopted budget.

PRESENTER: Chase Fosse, Director of Budget & Research

SUMMARY:

The City Council is requested to conduct a public hearing and receive public comment on the Fiscal Year 2026 Proposed Budget and then consider the approval of an ordinance adopting the Fiscal Year 2026 Operating and Capital Budget. Following adoption of the budget, State law requires a separate vote ratifying the property tax increase reflected in the budget.

GENERAL DESCRIPTION:

The City Council held a budget work session on Friday, August 1, 2025, to review the Fiscal Year 2026 (FY 2026) Proposed Budget. At this work session, Council reviewed the budgets for all operating funds, capital project funds, and the budgets for the Crime Control and Prevention District and the Park and Recreation Facilities Development Corporation. Following the work session, the City Council's feedback was incorporated into the FY 2026 Proposed Budget.

The proposed budget for FY 2026 was filed with the City Secretary's Office and made available at the NRH Public Library and on the City's website. The City has posted all required publications. Public hearings for the budget were set for Monday, August 25, 2025, and on Monday, September 8, 2025.

The FY 2026 Proposed Operating Budget for all funds totals \$169,066,152. The details by fund are as follows:

Fund	FY 2026 Proposed
General Fund	\$66,958,658
Debt Service Fund	\$13,392,813
Tax Increment Financing Fund	\$327,676

Park & Rec Facilities Development Fund	\$12,942,635
Crime Control District Fund	\$9,292,976
Court Special Revenue Fund	\$313,387
Public Educational and Government Access Fund	\$193,591
Promotional Fund	\$595,026
Donations Fund	\$401,385
Special Investigations Fund	\$261,000
Drainage Utility Fund	\$4,437,090
Economic Development Fund	\$357,812
Gas Development Fund	\$397,073
Traffic Safety Fund	\$171,880
Utility Fund	\$48,905,255
Aquatic Park Fund	\$6,269,100
Golf Course Fund	\$3,848,795
Facilities/Construction Mgmt. Fund	\$3,770,203
Fleet Services Fund	\$5,452,999
Information Services Fund	\$6,491,312
Self-Insurance Fund	\$16,378,924

The Facilities/Construction Mgmt. Fund, Fleet Services Fund, Information Services Fund and Self Insurance Fund are Internal Service Funds. As such, the expenditures in these funds are already included in the expenditures of other funds and should not be included in any calculation of total budgeted expenditures.

The Proposed Capital Improvements Budget totals \$18,010,100 in new appropriations. The details by project category are as follows:

Category	Appropriation To Date	FY 2026 Proposed	Total Expenditures
Street & Sidewalk Capital Projects	\$72,341,700	\$5,311,803	\$77,653,503
Drainage Capital Projects	\$2,766,126	\$3,850,000	\$6,616,126
Utility Capital Projects	\$28,481,382	\$1,900,000	\$30,381,382
Parks & Recreation Capital Projects	\$1,977,750	\$1,452,000	\$3,429,750
Aquatic Park Capital Projects	\$8,413,310	\$1,150,000	\$9,563,310
Facility Capital Projects	\$6,816,933	\$2,122,213	\$8,939,146
Major Capital Equipment Projects	\$12,145,599	\$2,224,084	\$14,369,683
Economic Development Projects	\$640,291	\$0	\$640,291
Other Capital Projects	\$100,000	\$0	\$100,000

The notice of public hearing was published in the City's newspaper of record, the City's website, and through Citicable in accordance with State law and the City Charter. The proposed budget was filed with the City Secretary, placed at the North Richland Hills



Public Library, and made available online at the City's website, www.nrhtx.com for public inspection.

The Parks & Recreation Facilities Development Corporation Board conducted a public hearing on the FY 2026 Proposed Budget on Monday, September 8, 2025, at 7:00 p.m.

The Crime Control District (CCD) Board reviewed the FY 2026 Proposed Budget at the August 1, 2025, budget work session. The CCD Board conducted a public hearing on the budget on Monday, September 8, 2025, at 7:00 p.m.

The City Council conducted the first public hearing on the FY 2026 Proposed Budget on August 25, 2025, during the regularly scheduled 7:00 p.m. City Council meeting.

The City has welcomed public input regarding the proposed budget and property tax rate through the City's website, tarranttaxinfo.com, e-mail, at budget road shows and social media. All written comments received through 4:00 p.m. on September 8, 2025, will be provided to City Council during the September 8, 2025, City Council meeting.

When adopting a budget that generates more revenue from property taxes than in the previous year, state law requires the City to state the increase in property tax revenue, no matter what the cause; whether the increase is based on increased property values, new construction or an increased tax rate. The Fiscal Year 2026 Budget includes a tax rate of \$0.497841 per \$100 of valuation, which is \$0.008452 higher than the adopted tax rate for TY 2024 of \$0.489389 but below the No New Revenue rate of \$0.498625. An increase in certified taxable values contributed to increased total property tax revenues for the City. The language required to appear as a cover page to the budget document by state law is as follows:

This budget will raise more total property taxes than last year's budget by \$1,091,822 or 2.59%, and of that amount \$509,192 is tax revenue to be raised from new property added to the tax roll this year.

As a result of the additional total property tax revenue, the aforementioned legislation requires the governing body to ratify the property tax revenue increase reflected in the adopted budget. The vote to ratify this property tax revenue increase must be a record vote and separate from the vote to adopt the budget and the vote to set the tax rate.

If Council chooses to adopt the FY 2026 proposed budget as presented, staff requests the following two motions be made, each followed by a separate Council vote:

1. "I move to approve Ordinance number 2923, adopting the Proposed Fiscal Year 2026 Operating and Capital Budget."
2. "I move to ratify the increase in property tax revenues reflected in the Adopted Fiscal Year 2026 Budget."



RECOMMENDATION:

Conduct a public hearing and make the following two motions, each followed by a separate Council vote:

"I move to approve Ordinance No. 2923, adopting the Proposed Fiscal Year 2026 Operating and Capital Budget."

"I move to ratify the increase in property tax revenues reflected in the Adopted Fiscal Year 2026 Budget."