

CITY COUNCIL MEETING
May 20, 2026 at 8:30 a.m.

CITY COUNCIL OF THE CITY OF ABILENE, TEXAS
COUNCIL CHAMBERS, CITY HALL

The City Council of the City of Abilene, Texas met in Special Session on May 20, 2026, at 8:30 a.m. in the Council Chambers, 555 Walnut St. Mayor Weldon Hurt was present and presiding, along with Mayor Pro-tem Shane Price, Deputy Mayor Pro-tem Lynn Beard, and Councilmembers Jay Patterson, Miguel Espinoza and Travis Craver. Councilmember Brian Yates was absent. Also present were City Manager Emily Crawford, City Attorney Stanley Smith, and City Secretary Shawna Atkinson.

Councilmember Miguel Espinoza led the invocation and led the Pledge of Allegiance to the Flag of the United States of America and the State of Texas Flag.

This special called meeting was held for the purpose of holding a pre-budget workshop.

PUBLIC COMMENTS

Mayor Hurt opened the public comment period. The following addressed the City Council:

- Tammy Fogle
- Riley Rodriguez
- Samuel Garcia

With no other speakers coming forward, the public comment period was closed.

AGENDA ITEMS

Presentation – Fiscal Year 2027 Pre-Budget Workshop

Part I: Abilene's Fiscal Story

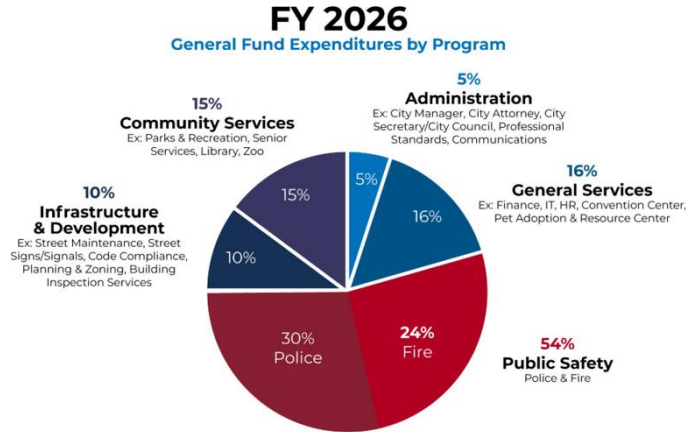
Emily Crawford, City Manager, thanked staff for the work on the budget so far. She gave a brief overview of what to expect for the day's workshop. Abilene is entering a period of significant transformation and growth on the heels of a fiscally constrained past.

Ms. Crawford highlighted the Council Priorities and Objectives that were decided on in the retreat in February: Infrastructure, Community Engagement, Housing, Sustainable Growth, and Organizational Excellence. The changes Abilene has seen over the last 20 years were highlighted including a large amount of growth and a timeline of significant budgetary events was presented from 2008 to today. From 2009 to 2019 the budget grew about 3.6%, and from 2016 to 2026 at 5%. Progress over the last decade was also highlighted, including the Street Maintenance Fee that was established in 2019, fire station growth, PD & Fire Apparatus Funds, a new law enforcement center, Adventure Cove and Splash Pads, the two new recreation centers, and the Cypress Plaza that will be completed soon. Important economic development was discussed, including the opening of the DoubleTree Convention Center Hotel, All Kind Animal Initiative and PARC Facility, the launch of Rebuild ABI, and I-20 development, including the Bass Pro Shop announcement.

Progress requires ongoing commitment, including investments in infrastructure, facilities and public safety. We are looking at new investments, but we still have maintenance and ongoing operations to

fund at the same time. Some headwinds we are facing include inflation, workforce pressures, and infrastructure pressures. Some future investments the City is committed to already include 6 new police officers, a new CAD/RMS initiative, body-worn/in-car cameras and related software, and patrol 1:1 lease vehicles. Police and Fire are the largest share of the General Fund at 54%. Public Safety compensation was discussed, including peer city averages in meet and confer agreements. The automatic cost escalation of these agreements creates strain.

General Fund Expenditures by Program

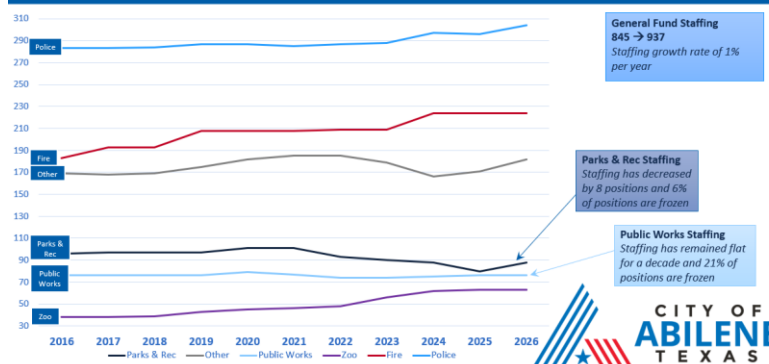


Ms. Crawford gave a brief history of budgeted expenditures and highlighted the year over year expenditures, including frozen positions in 2025, which about 28 of are still frozen at this time. Infrastructure and MIP funds have seen a decline as well. Enterprise funds to support the General Fund were discussed. Some allowable uses for Enterprise funds include utility service credits, utility billing customer service center, water fund support for lake patrol and environmental enforcement, solid waste subsidies, franchise fees, and water payments in lieu of taxes.

Infrastructure needs were highlighted next. Many facilities and infrastructure systems are reaching major reinvestment and replacement phases. Roofing and HVAC issues are systematic, many facilities including Sandy Street need upgrades, and streets and drainage were top items. Deferred maintenance includes facilities maintenance, parks, street services, and signs, signals and lighting. The 2016 budget was compared to 2026 in these departments, which shows decline not growth.

Workforce capacity was highlighted. Technical positions have a lot of vacancies, and recruitment and retention are both challenges. We are still using a 2024 pay plan for non-civil service employees but working on a new compensation plan currently.

General Fund Authorized Positions 2016 - 2026

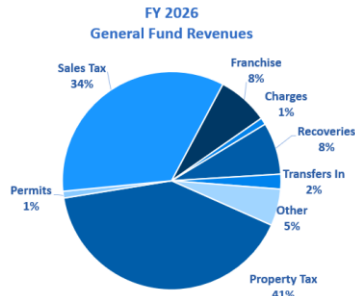


Note: Increases at Zoo over the past 10 years have primarily been funded by the Abilene Zoological Society

Abilene's growth is creating opportunities but also increasing service level demands and expectations.

Revenue Constraints

- Property tax = primary stable revenue source (41%)
- Sales tax = volatile and economy-dependent (34%)
- Charges or fees are only 1% of the budget.



Property tax constraints come from Senate Bill 2, that limits revenue growth to 3.5% without voter approval. 3.5% for Abilene equals about \$2 million from new property tax dollars per year, which is about 1.4% in inflation. Other recent proposed legislation, including HB 9, that increased the Business and Personal Property Tax exemption affected our revenues. Potential data center regulations could also affect our outlook.

Ms. Crawford summarized the fiscal story of Abilene and reiterated that we are entering into one of the most significant periods of growth and transformation in history. We must balance investments, sustainability, and financial flexibility to support our long-term success.



Part II: General Fund Operating Budget

2. Financial Presentation:

a. Data Center Impact & Budget Environment

Marjorie Knight, Director of Finance, went over the financial presentation. Ms. Knight gave an overview of what she would be talking about today. She prefaced with a statement that the amounts and scenarios presented today are all planning estimates intended to support long-term financial preparedness and decision-making, so some numbers could change.

2027 will be a strong revenue year, some temporary and some lasting. Fluctuations are expected, and we may have larger swings at points. We need to continue to separate one-time revenue from reoccurring expenses. Staff will need direction on financial approaches and priorities at the conclusion today.

A multi-year forecasting model was created to help us predict tax base shifts and revenue. Some key uncertainties we face include property valuation fluctuations, business personal property volatility, and sales tax remaining difficult to forecast. We expect an increase in property tax revenue, some revenue fluctuations, and increased long-term reoccurring revenue capacity. This creates an opportunity for us to invest in the future of Abilene.

One-Time Revenue vs. Recurring Revenues

One-Time Revenue

Definition: Revenue driven by short-term or one-off economic events

City Example: Sales tax on large construction
Personal Example: IRS tax refund

Revenue Pattern: Sharp increases followed by drop-offs

Duration: Short-lived

Forecastability: Low; difficult to predict timing & magnitude

Budget Risk: High if treated as ongoing revenue

Planning Use: Best for one-time expenditures or reserves

Recurring Revenues

Definition: Revenue generated from steady, everyday activity

City Example: Property tax
Personal Example: Your weekly paycheck

Revenue Pattern: Consistent and gradually changing

Duration: Continuous over time

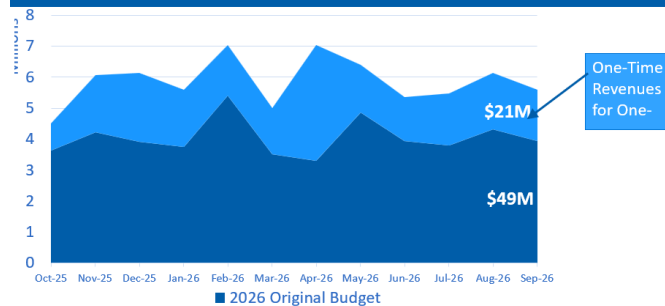
Forecastability: Higher; based on historical trends

Budget Risk: Lower; safer for baseline budgeting

Planning Use: Supports ongoing operations and services

Ms. Knight went over sales tax. Through May 2026, sales tax sits at \$12 million (34%) over prior year to date, and \$13 million (41%) over budget. Data center construction is anticipated to continue into early 2028, with us likely experiencing the peak of that right now.

FY 2026 Sales Tax Original Budget vs. Projected



Property tax revenue was discussed next, and Ms. Knight spoke about the preliminary values received from the Appraisal Districts, which appear extraordinarily high, and reductions exceeding \$1 billion may occur before certification.

Property Tax Values – Preliminary Taylor County only

Preliminary Taxable Values	FY2026	FY2027	Increase	Net Taxable Value Highlights:
Assessed Values	\$15.9B	\$24.1B	\$8.2B (52%)	• Residential +.4B or 6%
Exemptions	-5.1B	-9.8B	-4.7B (92%)	• Multi-family +.2B or 29%
Net Taxable	10.8B	14.3B	3.5B (32%)	• Commercial real property +\$1B or 44%
Freeze Taxable	-1.4B	-1.5B	-.1B (7%)	• Commercial personal property +\$2B or 174%
Freeze Adjusted Taxable*	\$9.4B	\$12.8	\$3.4B (36%)	

Exemptions: \$5.1B → \$9.8B

• Most of this increase is due to abatements for the data center properties (\$4.3B)

• Exempt = 32% → 41% of tax base

Freeze adjusted taxable value*: \$9.4B → \$12.8B or 36%

• The freeze adjusted taxable value is used for calculating the tax levy and determining the tax rate
• Excludes properties with frozen levies (age 65+, disabled, etc.)



Note: Jones County is < 1% of City's taxable value; All values presented are preliminary and actual certified values may vary significantly

Ms. Knight discussed Business Personal Property in detail, which is movable business assets that exclude land and buildings, and include things like computers, servers, machinery, and equipment. These shift our tax base, mostly because of the data centers. It is added to the tax role and then is depreciated at a faster rate than property. We do expect the data centers will have a larger BPP investment than originally expected, but hopefully it will self-balance over the years. In FY 2027 the data center values include \$1.3 billion in real property, and \$.98 billion in BPP, with a total value of \$2.2 billion. The data center is a very meaningful economic opportunity for us, but it also brings new considerations. This could affect preliminary values, revenue, tax rate, long-term valuation, and depreciation and asset lifecycle values. It should represent 15.4% of the City's tax base.

Property Tax Revenue - Example of a Taxable Value Scenario				
Key Assumptions:				
Data Center Assumptions:		Buildings 1-2	Buildings 3-8	Buildings 9-10
Taxable value effective		FY 2027 78% FY 2028 22%	FY 2027 60% FY 2028 40%	FY 2028 75% FY 2029 25%
Abatement effective		FY 2028	FY 2028	FY 2029
Other Assumptions:				
3.5% annual growth on current values (~\$400M+ growing annually)				
\$175M non-data center new value				
Results:				
Fiscal Year	Net Taxable Value	Tax Rate	General Fund Property Tax	Revenue Change
2026	\$9.2B	.7506	\$57.3M	
2027	12.6B	.7506	80.8M	↑ \$23.5M
2028	12.8B	.7506	82.3M	↑ \$1.5M
2029	12.6B	.7506	80.7M	↓ \$1.6M
2030	13.4B	.7366	85.1M	↑ \$4.4M

Note: Scenario estimates are illustrative only. Actual taxable values and impacts may vary significantly. Net taxable value excludes TIRZ.

- FY 2027 includes 3 years revenue growth compressed into 1 year
- Average annual increases:
 - FY27-FY29 \$7.8M
 - FY30+ \$4.7M



Property tax revenue growth patterns were presented. We expect FY 2027-2029 to have approximately \$23 million in total growth. FY 2030 and beyond could step down or normalize. This period represents a temporary revenue surge, but a portion of the growth is expected to permanently increase long-term revenue capacity.

Data Center Revenue Impact on General Fund				
Fiscal Year	Property Tax Stable Recurring* (Real Property)	Property Tax Recurring* (BPP)	Property Tax One-Time	Sales Tax One-Time
2025	-	-	-	\$8.3M
2026	\$2.5M	-	-	21.7M
2027	1.2M	\$5.6M	\$6.9M	18.3M
2028	3.2M	4.4M	4.1M	6.1M
2029	3.6M	3.3M	-	-
2030	3.6M	5.0M	-	-
2031	3.6M	3.7M	-	-
2032	3.6M	2.6M	-	-
2033	3.6M	4.3M	-	-
Total	\$24.9M	\$28.9M	\$11.0M	\$54.4M

Note: Business personal property projections assumes only the values we are aware of at this moment in time and uses our best estimates with the information we have available to us. Actual values may vary significantly.

- Example of FY29 Property Tax:**
- *Breakdown of Recurring Property Tax
 - Stable Recurring: \$3.6M attributable to real property (more stable)
 - Recurring: \$3.3M attributable to Business Personal Property (less stable)
 - Important consideration:
 - Revenues above \$3.6M should be viewed with caution
 - BPP fluctuates due to depreciation cycles and investment timing
 - It will take several years of actual performance to establish reliable trends or minimum expected levels



FY 2027 will be a strong revenue year, but there is still a lot we don't know, and we need to ensure we can benefit from this while protecting ourselves.

Council discussed the data center abatements and the opportunities we may see from them, while being cautious of using short-term funds for long-term, reoccurring expenses.

b. Financial Framework Approaches

Ms. Knight moved on to a financial framework discussion. The recommended approach to the property tax rate would be to maintain at \$.7506 or the voter-approval tax rate (VATR), whichever is lower, until taxable values stabilize. Our goal is to provide sustainable tax relief, not just a one-time rebate. The recommendation is to set aside 10% of one-time sales tax for operating reserves and capping the use of sales tax for recurring costs at 5% annual growth. Council questioned why capping at 5% and not lower. Ms. Knight spoke about the potential for larger growth, and not underestimating our potential and flexibility at the same time. If we do change that, we would have to change a Council policy statement to reflect it.

Current vs. Proposed Policy

Current Policy Language: Per City Council's policy document, Governing Principles, Rules of Procedures, and Council Policies, "the City of Abilene shall contribute 5% of sales tax receipts to a Minor Improvement Fund for general government related capital project purposes....In the event transferring 5% of sales tax receipts into the Minor Improvement Fund creates a financial hardship, the Council will be notified and will be asked to provide direction on whether or not to make the required transfer."

Proposed Approach (Summary):

- Limit the use of sales tax for recurring costs to maximum 5% annual growth
- Sales tax growth above annual growth rate will be directed to one-time uses:
 - Operating reserves (10%) through project period
 - Capital projects (MIP)
 - One-time needs (emergency response, 380 agreements, fund balance reserves, etc.)

Why 5%?
Historical average sales tax growth for the City is 3%. We're proposing a range of up to 5% to provide flexibility for high growth years.



Because our sales tax is fluctuating, we need a new policy to reflect the changes. The current policy requires fixed 5% of total sales tax to be transferred to MIP, and is designed for incremental growth and not revenue spikes. We've had to adjust this policy several times in the last few years, so we do need to adjust the policy to reflect our changing environment.

How the Sales Tax Growth Cap Works – FY27 Example

FY27 Sales Tax Projection	Recurring (4%)	One-Time	Total
Baseline (FY26 Original Budget)	\$48,592,880	-	\$48,592,880
New Revenues	1,943,715	\$18,312,721	20,256,436
Total Sales Tax Revenues	50,536,595	18,312,721	68,849,316



Waterfall	One-Time
Operating Reserves 10%	1,831,272
Transfer to MIP for Capital	15,881,449
Rainy Creek 380 Agreement	600,000
Total Allocated to One-Time	18,312,721

For illustrative purposes



Key takeaway:

Only stable, sustainable growth supports recurring expenses

This proposed policy can help us prevent overcommitment during temporary revenue spikes, and create distinction between reoccurring vs. one-time funding, while reducing a need for annual exceptions. Staff would follow up with a resolution to revise the policy if Council is supportive.

The Mayor recessed the meeting for a break from 9:53 am to 10:03 am.

c. FY 2027 Preliminary Budget

Ms. Knight moved to the next topic of discussion, the FY 2027 budget priorities. Restoring and planning are the top priorities for this fiscal year.

FY 2027 Budget Priorities: Restore and Plan

Restore

- Restore staffing levels (evaluate currently frozen positions)
- Restore competitive wages for noncivil service employees
- Rebalance the General Fund after years of relying on one-time adjustments

Plan

- Develop strategies to address deferred maintenance
- Evaluate use of one-time revenue for future impact
- Develop year 1 of a multi-year operating plan
- Begin development of a comprehensive Capital Improvement Program (CIP)



General Fund Revenue Growth

Average Annual Growth

- Property Tax: varies
 - FY27-FY29 +\$8M
 - FY30+ \$3-5M
- Sales Tax: +\$2M
- Other Revenues: +\$1M
- Total Ongoing Growth: ~\$6-8M (General Fund)

Revenue Constraints

- Anticipated reduction in 9-1-1 District funding for dispatchers ~\$497k+ (FY27-FY29)
- Reverse one-time transfer from Self-Insurance Fund to return prior additional contributions ~\$500k

General Fund Major Cost Drivers – FY 2027

- Noncivil Service Pay Raise = **TBD** (e.g., per 1% raise = \$354k)
- Frozen Positions = **\$1.9M** (27.87 FTEs)
- Public Safety: Police Pay Raise = **\$1.0M** (3.85% average)
- Public Safety: Fire Pay Raise = **\$650k** (2.45% average)
- Public Safety: 6 New Police Officers = **\$835k (salaries + equip costs)**
- Public Safety: Patrol 1:1 Lease Vehicles = **\$920k**
- Reverse Fleet Replacement Credit = **\$800k**
- Health Insurance Contribution = **TBD** (e.g., 20% increase = \$1.4M)

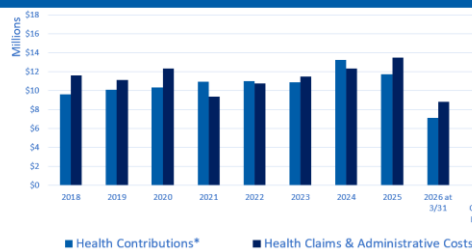
While revenues are increasing, the City is simultaneously facing significant cost pressures.



Note: Pay raise % for Police and Fire will vary based on rank

Significant increases in health claims have been coming in since August of 2025. It is not driven by one-time events alone, but seems to be an emerging trend in higher costs. This is a significant financial impact resulting in a \$3.8 million deficit in FY 2026 for the health plan. We do have a self-insurance fund that can help absorb it for now, but it would not be sustainable. We are working on strategies to address these costs, but we need to assess if we need to send emergency reserves to the self-insurance fund to cover these costs.

Health Contributions vs. Claims & Administrative Costs



Current Health Insurance Plan

	2026 Base Plan	2026 Buy Up Plan	2026 High-Deductible Health Plan
Employee Premiums (monthly cost)			
Employee only	\$168	\$245	\$90
Employee+children	\$370	\$523	\$230
Employee+spouse	\$639	\$896	\$375
Employee+family	\$740	\$1036	\$500
City Contributions	\$744 per employee monthly	\$744 per employee monthly	\$744 per employee monthly + \$1,000 annually to HICHP
Medical Copay	\$50/\$75	\$15/\$50	100% after deductible
Prescription Copay	\$15/\$50/\$70/\$150	\$15/\$50/\$70/\$150	100% after deductible
Deductible	\$3,000/\$6,000/\$7,500/\$15,000	\$1,500/\$3,000/\$5,500/\$11,000	\$4,500/\$9,000

Original plan for 2027 was to increase employee premiums 2.5% and city contributions 5.0% to generate \$474k in additional revenues.

City needs to consider a more aggressive increase in 2027 to begin offsetting over \$3M annual funding deficit



Revenue impact of 1% premium increase
Employee: ↑ \$35k
City: ↑ \$80k

Impact on employee take home pay when evaluating health premiums was highlighted. Sometimes a decrease in health insurance costs can have a bigger impact than a pay increase.

Preliminary Budget – Scenario #1: Flat .7506 Tax Rate (Base)

	2026	2027	2028	2029	2030
Property Tax	\$17.2M	\$18.0M	\$18.3M	\$18.7M	\$19.1M
Sales Tax	48.0M	50.5M	52.2M	54.0M	56.5M
Other Revenues	35.8M	35.9M	36.4M	37.0M	38.1M
Total Revenues	141.0M	147.2M	151.0M	155.8M	163.7M
Base Recurring Expenditures	141.0M	141.0M	151.0M	161.0M	171.0M
Operating Increases:	-	10.0M	12.4M	8.2M	7.2M
Public Safety – Civil service compensation	-	1.7M	2.8M	3.0M	2.5M
Public Safety – 6 new Police Officers	-	.8M	-	-	-
Public Safety – Other (CAG, cameras, etc.)	-	1.3M	1.5M	.3M	.2M
Employee compensation (noncivil service)	-	1.4M	1.6M	1.6M	1.7M
Fund frozen positions	-	2.9M	-	-	-
Health insurance contributions	-	1.4M	.8M	.8M	1.0M
Other expenditures (inflation - utilities, supplies...)	-	.7M	1.3M	1.3M	1.4M
Deferred maintenance and other Council priorities	-	.8M	4.4M	1.1M	.4M
One-Time:	-	15.6M	7.9M	.3M	.3M
Transfer to MHP: Fireman's Retirement Fund	-	10.0M	-	-	-
Transfer to MHP: Cash Funding for CIP	-	5.6M	7.9M	.3M	.3M
Total Expenditures	141.0M	167.3M	171.0M	172.3M	178.7M
Surplus (Deficit)	-	-26.1M	-20.0M	-16.5M	-15.0M

Note: Scenario reserves temporary revenues for capital and one-time uses



Preliminary Budget – Scenario #2: .7406 Tax Rate (-1¢)

	2026	2027	2028	2029	2030
Property Tax	\$17.2M	\$17.8M	\$18.0M	\$18.3M	\$18.7M
Sales Tax	48.0M	50.5M	52.2M	54.0M	56.5M
Other Revenues	35.8M	35.9M	36.4M	37.0M	38.1M
Total Revenues	141.0M	145.0M	150.0M	155.0M	161.0M
Base Recurring Expenditures	141.0M	141.0M	151.0M	161.0M	171.0M
Operating Increases:	-	9.2M	12.3M	7.8M	7.1M
Public Safety – Civil service compensation	-	1.7M	2.8M	3.0M	2.5M
Public Safety – 6 new Police Officers	-	.8M	-	-	-
Public Safety – Other (CAG, cameras, etc.)	-	1.3M	1.5M	.3M	.2M
Employee compensation (noncivil service)	-	1.4M	1.6M	1.6M	1.7M
Fund frozen positions	-	2.9M	-	-	-
Health insurance contributions	-	1.4M	.8M	.8M	1.0M
Other expenditures (inflation - utilities, supplies...)	-	.7M	1.3M	1.3M	1.4M
Deferred maintenance and other Council priorities	-	.8M	4.4M	1.1M	.4M
One-Time:	-	15.6M	7.9M	.3M	.3M
Transfer to MHP: Fireman's Retirement Fund	-	10.0M	-	-	-
Transfer to MHP: Cash Funding for CIP	-	5.1M	7.5M	.3M	.3M
Total Expenditures	141.0M	165.9M	170.0M	171.0M	176.4M
Surplus (Deficit)	-	-20.9M	-20.0M	-16.0M	-15.4M



Note: Scenario reserves temporary revenues for capital and one-time uses

Preliminary Budget – Scenario #3: .7406 Tax Rate (-1¢) + ↓\$1B Value

	2026	2027	2028	2029	2030
Property Tax	\$17.2M	\$17.8M	\$18.0M	\$18.3M	\$18.7M
Sales Tax	48.0M	50.5M	52.2M	54.0M	56.5M
Other Revenues	35.8M	35.9M	36.4M	37.0M	38.1M
Total Revenues	141.0M	145.0M	150.0M	155.0M	161.0M
Base Recurring Expenditures	141.0M	141.0M	151.0M	161.0M	171.0M
Operating Increases:	-	9.2M	8.0M	7.1M	6.8M
Public Safety – Civil service compensation	-	1.7M	2.8M	3.0M	2.5M
Public Safety – 6 new Police Officers	-	.8M	-	-	-
Public Safety – Other (CAG, cameras, etc.)	-	1.3M	1.5M	.3M	.2M
Employee compensation (noncivil service)	-	1.4M	1.6M	1.6M	1.7M
Fund frozen positions	-	2.9M	-	-	-
Health insurance contributions	-	1.4M	.8M	.8M	1.0M
Other expenditures (inflation - utilities, supplies...)	-	.7M	1.3M	1.3M	1.4M
Deferred maintenance and other Council priorities	-	.8M	4.4M	1.1M	.4M
One-Time:	-	9.8M	4.8M	-	-
Transfer to MHP: Fireman's Retirement Fund	-	9.6M	-	-	-
Transfer to MHP: Cash Funding for CIP	-	4.8M	-	-	-
Total Expenditures	141.0M	160.6M	165.0M	165.0M	172.7M
Surplus (Deficit)	-	-15.6M	-15.0M	-10.0M	-11.7M

Note: Scenario reserves temporary revenues for capital and one-time uses



Preliminary Budget – Scenario #4: .7506 Tax Rate + ↓\$1B Value

	2026	2027	2028	2029	2030
Property Tax	\$17.2M	\$17.8M	\$18.0M	\$18.3M	\$18.7M
Sales Tax	48.0M	50.5M	52.2M	54.0M	56.5M
Other Revenues	35.8M	35.9M	36.4M	37.0M	38.1M
Total Revenues	141.0M	145.0M	150.0M	155.0M	161.0M
Base Recurring Expenditures	141.0M	141.0M	151.0M	161.0M	171.0M
Operating Increases:	-	9.2M	8.0M	7.1M	6.8M
Public Safety – Civil service compensation	-	1.7M	2.8M	3.0M	2.5M
Public Safety – 6 new Police Officers	-	.8M	-	-	-
Public Safety – Other (CAG, cameras, etc.)	-	1.3M	1.5M	.3M	.2M
Employee compensation (noncivil service)	-	1.4M	1.6M	1.6M	1.7M
Fund frozen positions	-	2.9M	-	-	-
Health insurance contributions	-	1.4M	.8M	.8M	1.0M
Other expenditures (inflation - utilities, supplies...)	-	.7M	1.3M	1.3M	1.4M
Deferred maintenance and other Council priorities	-	.8M	4.4M	1.1M	.4M
One-Time:	-	10.0M	-	-	-
Transfer to MHP: Fireman's Retirement Fund	-	10.0M	-	-	-
Transfer to MHP: Cash Funding for CIP	-	4.8M	5.9M	-	-
Total Expenditures	141.0M	161.2M	166.7M	165.0M	172.7M
Surplus (Deficit)	-	-16.2M	-16.7M	-10.0M	-11.7M



Note: Scenario reserves temporary revenues for capital and one-time uses

Ms. Knight went over the key dates for budget activity. The certified values are planned for July 25th, so we hope to get the proposed budget to Council by July 31st, and then move to meetings after that. Key takeaways for this presentation highlighted revenue volatility to be expected for the next

3-5 years, and our need to manage our long-term financial stability while being flexible.

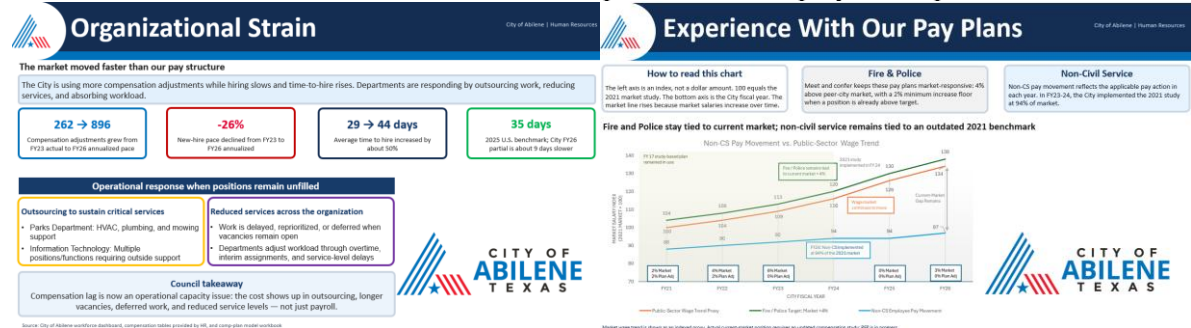
Council discussed the contributions to the Firemen's Retirement Fund in all 4 scenarios and what that will do to the health of the plan. Ms. Knight does think this will help the plan and put it on the right path moving forward. The health insurance claims were also discussed in order to determine where the spike in costs is coming from. Pamela Williams, Director of HR, spoke about the costs and what HR is seeing, but there is not a lot of detail they are provided with to help determine that, unfortunately.

The Rebuild ABI program was discussed. Non-civil service compensation was questioned – is it a flat increase or what we anticipate the comp plan study to recommend? Ms. Knight said it was an estimated 4% but it hadn't been decided. We do not anticipate having the new plan completed before the end of this fiscal year though.

Ms. Crawford asked for direction from Council regarding the tax rate and sales tax policy. Council would like to start with the \$.7506 flat rate with the \$1 billion reduction as a starting point, and then once the values come in, we can look at other options. Council is comfortable with the 10% sales tax being set aside also. They just want it to be flexible if we need it.

3. Employee Compensation:

Pamela Williams, Director of Human Resources, spoke next on employee compensation.



We are currently in the process of an RFP for a new compensation plan, but have not finalized that yet. Once complete, we will begin work on a new compensation plan for all City employees.

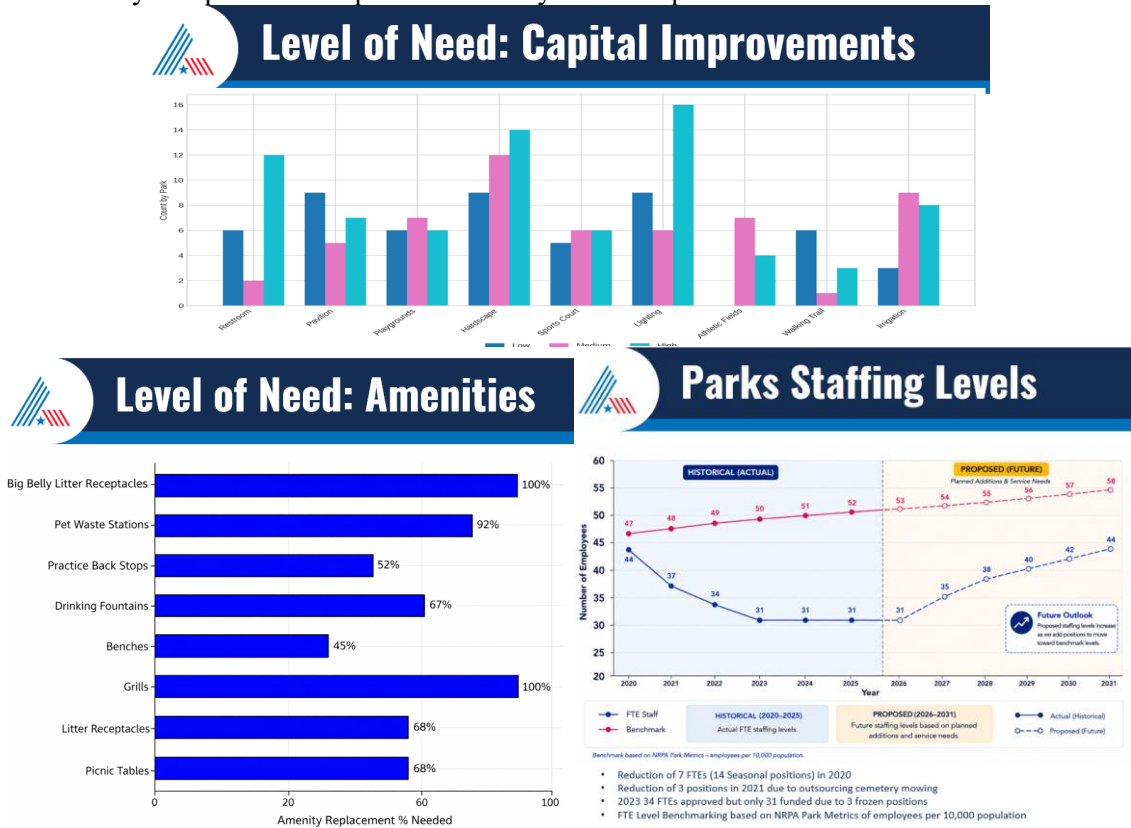


Council had questions about the demand for HVAC and plumbing positions, and if we'd be able to reach out to AISD or Taylor County for some sort of shared position? We usually have them as full-time positions, so it would be hard to share that with another agency, but it is hard to retain them now with the data centers using the same types of positions. Are we able to take the comprehensive pay study and use it going forward instead of having to do a new one each time? Ms. Williams stated that that is the goal, we have just failed to continue to implement pay plan adjustments since 2023 to get us into the position we are in now. Council also discussed addressing a more wholistic

approach instead of just paying, to focus on the whole process.

4. Parks & Recreation:

Lesli Andrews, Director of Parks & Recreation, gave an overview of the Parks Division and what all they do and provide. She highlighted some additions to the division in the last several years. Staff recently completed a comprehensive study of all the parks and what each one needs.



Some key takeaways are that 41% of capital assets have high-level capital improvement needs. 63% of amenities have high-level amenity replacement needs, and 41% of below staffing.

Ms. Andrews next went over recreation center staffing. She gave a brief history of the closing of the two recreation centers and the Mockingbird library, up until now with the new centers in place.



Council had questions about the after school and summer programming that were done previously and questioned what things we currently do to help us decide what we need to look at for next year's programming. Ms. Andrews said we are focused on programming for all ages. We are not able to do camps this year as it is impossible to do with only two staff members, and we do want

to get back to that point, but it will look different than it did in the past. There are organizations already out there that focus and hire solely for childcare, and we just do not have that capability. We focus more on recreation and programming, still giving them care, but not day care. If we go back to that, we will have to close to the public during those hours, and also space is an issue as the new rec centers are smaller than the old ones were.

6. 911 District Funding for Dispatchers:

Troy Swanson, Director of IT, spoke about 911 District Funding. The projected revenue for the District is approximately \$2.3 million versus \$3.5 million. The projected expenses are approximately \$3.1 million, so an annual shortfall of \$800,000. Mr. Swanson discussed where this funding comes from and why it is declining faster than in the past. This currently subsidizes City and County dispatch operations and drives our rate model. He went over the proposal to align operating expenses with stable revenue sources, that is a 1/3 reduction for both City and County. This approach mitigates immediate budget shocks to our partners.



Proposed Cost Sharing Transition

- Objective: align operating expenses with stable revenue sources
- Current proposal:
 - City assumes 1/3 of dispatch costs over 3-year phase-in
 - FY27 -\$497k → FY28 -\$497k → FY29 -\$497k
 - Cumulative impact to General Fund-\$1.5M
 - County assumes 1/3 of dispatch costs over same period
 - FY27 -\$242k → FY28 -\$242k → FY29 -\$242k
 - Cumulative impact to County-\$727k
 - District subsidy reduced incrementally each fiscal year
 - Approach mitigates immediate budget shock to partners



This will reduce our dependency on the declining wireline revenue and stabilize District fund balance and its operating model. This will also support gradual reduction in 911 service rates, but it requires coordinated budget planning with the County and City for the FY 2027 budget to incorporate the initial phase of the cost transition.

Council discussed charges related to VOIP and fiber lines. Those are under the wireline, but it is still a declining revenue source. Council questioned why the model presented here has revenue decreases and service rate reductions at the same time. Mr. Swanson clarified the action taken in the past and what needs to happen to stabilize both the rates and expenses, by shifting expenses that the City has solely paid in the past into the other partner agencies. The coverage area for the District was also discussed.

Mr. Swanson also gave a brief overview of the IT staffing levels with frozen positions and vacancies. They are working to fill and get in viable candidates, but it is tough for them to attract quality candidates with lower compensation rates. Contractors have been used recently to help with more expert level jobs that we can't fill ourselves.

Mayor Hurt recessed the meeting for a lunch break from 11:00 – 12:15

Ms. Crawford brought up a few Directors to discuss specific departmental staffing levels at this time.

Tim Littlejohn, Director of Planning & Development Services, spoke about his department's staffing and the challenges they've had with hiring and retaining building inspectors, in particular. They use third party services currently to help, but it does not create good relationships with builders in town.

Max Johnson, Director of Public Works, spoke about their challenges, in particular with Street Services. Their vacancies and frozen positions are difficult to fill with quality people that want to be out in the sun all day. They've had delays in street maintenance because of staffing, as well as alley maintenance but that is less of a priority than streets. Solid Waste has to be picked up twice a week, so that is not something we can just not do. Street projects are being done at night and so that means their inspectors must be there at night also, which also creates challenges for staffing. They are stretching very thin. About half of their Street Services Department is vacant or frozen currently.

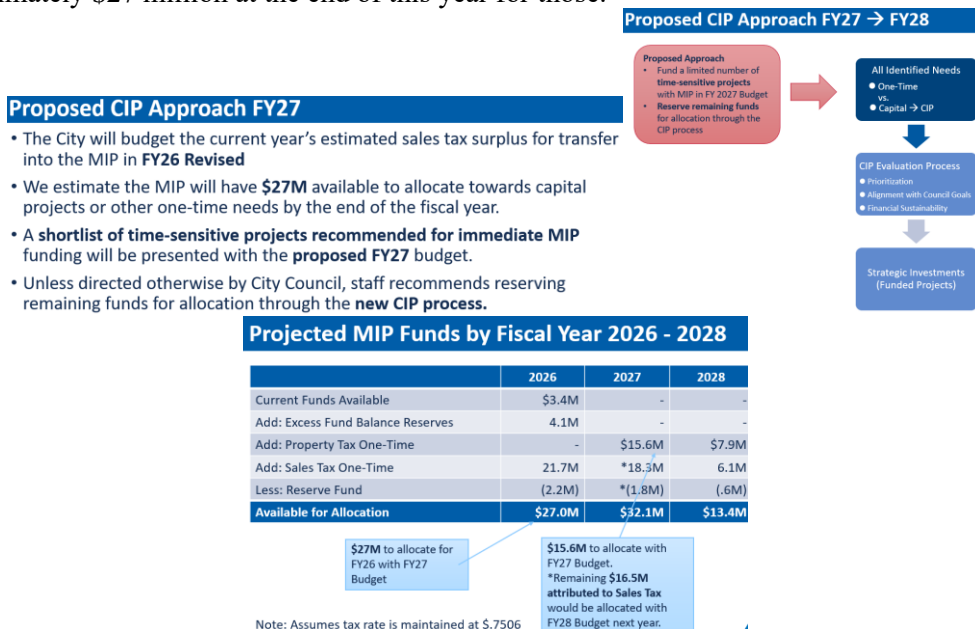
Ron Seratte, Chief of Police, spoke about vacancies in dispatch. It takes about 8 months to get someone hired and into a full dispatcher position. They do usually lose some in the process due to shift work and just the nature of the job, but he's hoping a pay increase would help keep staff a bit better. He is able to use officers on light duty to help them occasionally, but not full time.

Council would like to see a prioritized list of positions that need to be filled for the August meetings, just for a perspective of what top priorities should be. The frozen positions were built into the proposed budget options, but they will all be evaluated, and would still be based off of the 2021 pay scale so it would potentially be more in the end. Staff will determine what positions need to be unfrozen and then look at pay for them compared to filled positions that need salary adjustments too. Stability pay was discussed, as well as other opportunities for recruitment and retention.

Part III: General Projects

6. Capital & One-Time Expenditures

Marjorie Knight, Director of Finance, began the conversation on capital and one-time expenditures. Ms. Knight went over the Capital Improvement Program and explained that within the next 3-4 months, staff will begin developing a new comprehensive CIP process citywide. It could take over a year and potentially need to be phased in. For FY 2027, we will continue using the MIP fund to accumulate and allocate funds for general capital projects and will have approximately \$27 million at the end of this year for those.



One-Time Funds for One-Time Needs		Minor Improvement Project Fund (MIP) Update of Select Projects		
Major Funding Requests	Cost Estimate	Project	Budget	Status Update
CAD / RMS	\$4,000,000+	Downtown Parking Lot	\$950,000	Site prep / utility relocation
Convention Center	78,300,423	Cypress Plaza	2,135,000	New pedestrian plaza opens June 2026
Deferred Facility Maintenance (Roofs, HVAC)	5,000,000+	Ft Phantom Northwest Boat Ramp	2,278,246	TPWD Grant application 2025 (if selected, expect notice by Summer 2026) → design 2026 → construction 2027
Facility Condition Assessment	150,772	Ft Phantom Southeast Boat Ramp	1,871,496	TPWD Grant application 2026 → design 2027 → construction 2028
Firemen's Retirement Fund	10,000,000+	Kirby Lake Restroom	300,000	Design in progress
Grant Matches – Dyess	5,500,000	Rose Park Restroom	400,000	Design in progress
Griffith Road	2,891,525	Nelson Park Playground Toddler	700,000	Design in progress
Maple Street	12,000,000	Maxwell Golf Course	300,000	Pro Shop roof and fence construction in progress; Maintenance Barn cost estimate pending
Parks Master Plan Projects	82,529,000	Heritage Square	3,249,456	New Main Branch Library opened May 2026
Police Patrol 1:1 Phase 3 Buy vs Lease	1,756,000	Cyber Incident Response	2,965,459	Acquisition of phones in progress; all other response and recovery work is complete; Of this amount \$9,169 was reimbursed; Does not include costs directly paid by insurance
Rainy Creek 380 Agreement	600,000			
Sandy Street Facilities	39,315,579			
Self-Insurance Fund – Emergency Reserves	3,000,000+			
Zoo Retaining Wall	321,000			
Total	\$245,364,299			



Council asked about the grant matches for Dyess. Ms. Crawford talked about the DCIP Grant that has not been submitted yet, which is a federal grant that will help us rebuild Military Drive in concrete, prior to the Dyess AFB expansion work. It requires a 30% local match. If we don't receive the grant and rebuild the road, the road will be in bad condition after the Dyess expansion that we would then have to fix. The DEAGG grant is a match with the DCOA and the MAC. They are working on an application for that one now.

7. Street Projects

Max Johnson, Director of Public Works, gave an overview of street projects. We've touched about 30% of all roadways in the City since 2017 and through various sources, have invested \$165 million on roads.

Street Maintenance Information

This map depicts street work completed or planned to be completed from 2017 through 2026 with different funding sources. 30% of Abilene's roads have been improved through all funding sources since 2016. Since 2016, \$165 million invested in roads from all funding sources (bond funds, SMF, etc.) Raised \$71 million since SMF inception in 2018.

CITY OF ABILENE TEXAS

Street Maintenance Information

2026 Street Maintenance Fund Projects

Preventative Maintenance Projects:	Linear Projects:	Full/Partial Depth Neighborhood Projects:
Workzone S4 (SODA) (Butternut St. to S. Treadaway Blvd. and S. 1 st St. to S. 7 th St.)	Barrow St. (S. 1 st St. to S. 11 th St.) S. 25 th St. (Ross Ave. to Buffalo Gap Rd.)	Workzone N9 (Grape St. to Hickory St. and N. 18 th St. to N. 13 th St.)
*Workzone S6 (Lonestar) (Loop 322 to Coyote Run and Beretta Dr. to Mossy Oak Dr.)		

* Contingency Project

CITY OF ABILENE TEXAS

Street Maintenance Information

2027 Work Zone Projects for Consideration

WORK ZONE	SUBDIVISION AREA	Est. Cost (2026)
N11	RICHLAND ACRES	\$3,650,000.00
S25A	MESQUITE FOREST SECTION A	\$2,410,000.00
S25B	MESQUITE FOREST SECTION B	\$1,565,000.00
S25C	MESQUITE FOREST SECTION C	\$2,110,000.00
S27 & S28	TAMARISK & PEBBLE BEACH	\$2,200,000.00
S3A	MOCKINGBIRD TO SAYLES S. 1ST TO S. 7TH	\$4,850,000.00
S3A	PIONEER TO ELM CREEK RIVERSIDE TO S. 7TH	\$3,175,000.00
S3B	WILLIS TO MOCKINGBIRD S. 1ST TO S. 7TH	\$2,880,000.00
S3B	ELM CREEK TO WILLIS S. 1ST TO S. 7TH	\$1,620,000.00
S8	ABILENE HEIGHTS ADDITION	\$3,815,000.00
S9	OLD TOWN ADDITION	\$3,770,000.00
S25	MYSTIC MEADOWS	\$3,220,000.00
S25	COUNTRY VILLAGE	\$2,400,000.00
S4 & S5	EAST HORIZON	\$1,640,000.00

WORK ZONE	SUBDIVISION AREA	Est. Cost (2026)
N14	HELLOREST ADDITION	\$3,170,000.00
S11	NORTHWOOD ADDITION	\$2,440,000.00
S2	WOODLAWN ADDITION	\$1,630,000.00
S14	WYNEROCK ADDITION	\$3,180,000.00
S8	RADFORD HILLS SECTION II ADDITION	\$2,450,000.00

Street Maintenance Information

2027 Linear Roadway Projects for Consideration

STREET(S) NAME	LIMITS	Est. Cost (2026)
S. 14TH ST. (Phase I)	DANVILLE DR. TO WILLIS ST.	\$3,450,000.00
REBECCA LN. (Phase II)	ELM CREEK BRIDGE TO CATCLAW DR.	\$2,775,000.00
BARROW ST. (Phase II)	S. 11TH ST. TO S. 20TH ST.	\$3,900,000.00
WILLIS ST. (Phase I)	S. 7TH ST. TO S. 14TH ST.	\$1,950,000.00
SOUTHWEST DR	REBECCA TO SHARON	\$3,350,000.00
MOCKINGBIRD (Phase II)	N. 18TH TO N. 12TH	\$2,020,000.00
MOCKINGBIRD (Phase I)	N. 1ST ST. TO N. 12TH ST.	\$3,350,000.00
BARROW ST. (Phase III)	S. 20TH ST. TO S. 27TH ST.	\$2,130,000.00
S. 14TH ST. (Phase II)	SAYLES BLVD. TO TREADAWAY BLVD.	\$2,700,000.00
CHIMNEY ROCK RD.	BUFFALO GAP RD. TO CYPRESS PT.	\$2,150,000.00
ANTILLEY RD	CITY LIMITS TO BUFFALO GAP RD	\$3,560,000.00
WILLIS ST. (Phase I)	S. 1ST ST. TO S. 7TH ST.	\$1,950,000.00
NORTH 10TH ST	MOCKINGBIRD TO GRAPE	\$3,700,000.00
REBECCA LN. (Phase III)	DUB WRIGHT BLVD. TO ELM CREEK BRIDGE	\$2,780,000.00
MOCKINGBIRD (Phase III)	N. 18TH ST. TO VOGEL AVE.	\$2,370,000.00
NORTH 12TH ST	MOCKINGBIRD TO GRAPE	\$1,830,000.00
NORTH 1ST ST	WILLIS TO MOCKINGBIRD	\$1,500,000.00
ANSON AVE.	OLD ANSON RD. TO PINE ST.	\$1,850,000.00
NORTH 21ST ST.	HARDY ST. TO TREADAWAY BLVD.	\$630,000.00
S. 7TH ST.	PIONEER DR. TO S. LEGGETT DR.	\$1,850,000.00

Three Year Projection		
2026 Projection		
Description	Amount	Balance
Beginning balance	\$ 8,144,226.00	\$ 8,144,226.00
Fund Deposits	\$ 11,789,505.00	\$ 19,933,731.00
Project Values	\$ 13,296,184.15	\$ 6,637,546.85
End Balance		\$ 6,637,546.85
2027 Projection		
Description	Amount	Balance
Beginning balance	\$ 6,637,546.85	\$ 6,637,546.85
Fund Deposits	\$ 11,674,416.00	\$ 18,311,962.85
Project Values	\$ 10,062,562.94	\$ 8,249,399.91
Maintenance Board Allowance	\$ 3,000,000.00	\$ 5,249,399.91
Maple Phase II Reserve	\$ 2,000,000.00	\$ 3,249,399.91
End Balance		\$ 3,249,399.91
2028 Projection		
Description	Amount	Balance
Beginning balance	\$ 3,249,399.91	\$ 3,249,399.91
Fund Deposits (includes Reserved Funds)	\$ 13,674,416.00	\$ 16,923,815.91
Project Values	\$ 13,186,276.94	\$ 3,743,536.57
Maintenance Board Allowance	\$ 3,000,000.00	\$ 743,536.57
End Balance		\$ 743,536.57

These figures presented propose to

1. Postpone the Barrow St. Phase I, S. 25th St., and Lonestar preventative maintenance from FY 2026 until FY 2027
2. Plan for the addition of multiple 380 agreements over FY 2026 and FY 2027 that have started the planning process
3. Maintain a minimum of \$3 million per year for Street Maintenance and Advisory Board for selection of new projects
4. Utilize the \$10.6 million in already received Bond Funds for Maple with a tentative let date of FY 2027 paired with Street Maintenance Funds to make up the shortfall for completion



Mr. Johnson presented four proposals for a three-year projection. Postponing the Barrow St Phase 1 preventative maintenance from FY 2026 to FY 2027, planning for the addition of multiple 380 agreements over FY 2026 and FY 2027, maintaining a minimum of \$3 million per year for Street Maintenance and Advisory Board for selection of new projects, and utilizing \$10.6 million already received bond funds for Maple with a tentative let date of FY 2027.

8. CAD / RMS

Kristen Tusing, Assistant Director of Finance, spoke about a new computer aided dispatch/records management system. Ms. Tusing spoke about the current system and its limitations. In November 2025, a contract for professional services to assist in an RFP process for this was approved.



The cost is estimated at somewhere between \$3 to \$5 million, with an ongoing annual cost for subscription, hosting and support. The goals for this will be to make a more modern, secure, cloud-based system, with improved response times and efficiency, and increased quality in records management.

Council questioned if we had been budgeting funding for these costs previously. This is a new ask, but a partial amount has been set aside already, approximately \$1 million. The subscription service will be approximately double our current subscription. We might see a reduction in costs of other systems though that this new system might do already. Records management was discussed, and operational improvements that can be beneficial. Chief Seratte explained there would be an overlap of services to work bugs out in the process. This will help in our efficiency to help the call load. Security in cloud-based systems was discussed, as well as our partner agencies and how this will affect them. We are working with them throughout this process.

Councilmember Craver left the meeting at 1:05 p.m.

Part IV: Enterprise Funds

9. Stormwater Rates

Max Johnson, Director of Public Works, spoke next about Stormwater utility fees and rates.

FY26 Stormwater Fees and Revenue

Residential	FY26 Fee	Projected Revenue*
Residential Tier 1	\$3.12	\$142,060
Residential Tier 2	\$4.16	\$1,064,963
Residential Tier 3	\$4.94	\$376,568
Residential Tier 4	\$5.98	\$402,287
Commercial	FY26 Fee	Projected Revenue*
Commercial	\$.000832/sq ft	\$643,304
Minimum Monthly	\$7.50	\$143,349
Maximum Monthly	\$73.00	\$284,107
Environment Fee	\$1.50	\$739,162

Revenue Sufficiency at Current Rates

Projected Revenue	FY27	FY28	FY29	FY30	FY31
TOTAL	\$3,934,759	\$3,974,107	\$4,013,848	\$4,053,986	\$4,094,526
Projected Expense	FY27	FY28	FY29	FY30	FY31
Equipment	\$919,911	\$947,508	\$975,934	\$1,005,212	\$1,035,368
Labor	\$1,694,224	\$1,745,402	\$1,797,402	\$1,851,324	\$1,906,864
Other Recurring	\$1,201,782	\$1,237,835	\$1,274,971	\$1,313,220	\$1,352,616
Capital	\$-	\$-	\$-	\$-	\$-
TOTAL	\$3,815,917	\$3,930,745	\$4,048,307	\$4,169,756	\$4,294,848
TOTAL	\$118,842	\$43,712	(\$34,459)	(\$115,769)	(\$200,322)

Notes:
Revenue: Includes Environmental Fee
Equipment: Maintenance and replacement costs
Labor: Salaries, benefits, etc.
Other Recurring: Supplies, purchased services, etc.



Summary of Options

	Scenario 1	Scenario 2	Scenario 3
Commercial Rate Change	44%/year	32.5%/year	26.5%/year
Residential Rate Change	20%/year	10%/year	5%/year
5-year Capital Investment	\$22.7M	\$12.5M	\$8.3M
Annual Revenue Year 1	\$4.9M	\$4.5M	\$4.3M
Annual Revenue Year 5	\$13.7M	\$9.2M	\$7.4M

These revenue figures include the operating budget forecasted of \$3.9 Million at the current rate

Scenario 1 – Moderate Annual Increases, \$1M-\$9.4M available for CIP

Annual Residential increase – 20%; Annual Commercial increase - 44.5%

		FY27	FY28	FY29	FY30	FY31
Additional Capital Available		\$1M	\$2.2M	\$3.9M	\$6.2M	\$9.4M
Class	FY26 (Current)	FY27	FY28	FY29	FY30	FY31
Res Tier 1	\$3.12	\$3.78	\$4.54	\$5.45	\$6.54	\$7.85
Res Tier 2	\$4.16	\$5.04	\$6.05	\$7.26	\$8.71	\$10.45
Res Tier 3	\$4.94	\$6.00	\$7.20	\$8.64	\$10.37	\$12.44
Res Tier 4	\$5.98	\$7.20	\$8.64	\$10.37	\$12.44	\$14.93
Com (sq ft)	\$0.000832	\$0.001202	\$0.001737	\$0.002510	\$0.003627	\$0.005241
Com Min Rate	\$7.50	\$10.84	\$15.66	\$22.63	\$32.70	\$47.25
Com Max Rate	\$73.00	\$109.82	\$158.69	\$229.31	\$331.35	\$478.80



CITY OF
ABILENE
TEXAS



Scenario 2 – Intermediate Annual Increases, \$700K-\$4.9M available for CIP

Annual Residential increase – 10%; Annual Commercial increase – 32.5%

		FY27	FY28	FY29	FY30	FY31
Additional Capital Available		\$700K	\$1.3M	\$2.2M	\$3.4M	\$4.9M
Class	FY26 (Current)	FY27	FY28	FY29	FY30	FY31
Res Tier 1	\$3.12	\$3.47	\$3.82	\$4.20	\$4.62	\$5.08
Res Tier 2	\$4.16	\$4.62	\$5.08	\$5.59	\$6.15	\$6.77
Res Tier 3	\$4.94	\$5.50	\$6.05	\$6.66	\$7.33	\$8.06
Res Tier 4	\$5.98	\$6.60	\$7.26	\$7.99	\$8.79	\$9.67
Com (sq ft)	\$0.000832	\$0.001102	\$0.001460	\$0.001935	\$0.002564	\$0.003397
Com Min Rate	\$7.50	\$9.94	\$13.17	\$17.45	\$23.12	\$30.63
Com Max Rate	\$73.00	\$100.70	\$133.43	\$176.79	\$234.25	\$310.38



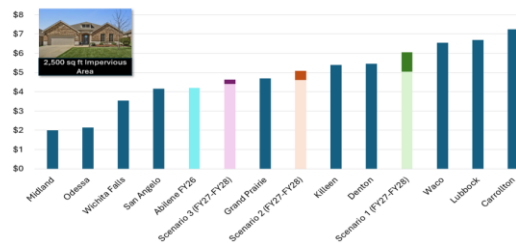
Scenario 3 –Reduced Annual Increases, \$500K-\$3.1M available for CIP

Annual Residential increase – 5%; Annual Commercial increase - 26.5%

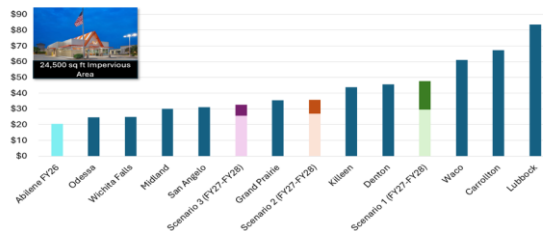
		FY27	FY28	FY29	FY30	FY31
Additional Capital Available		\$500K	\$1M	\$1.5M	\$2.2M	\$3.1M
Class	FY26 (Current)	FY27	FY28	FY29	FY30	FY31
Res Tier 1	\$3.12	\$3.31	\$3.48	\$3.65	\$3.83	\$4.02
Res Tier 2	\$4.16	\$4.41	\$4.63	\$4.86	\$5.10	\$5.36
Res Tier 3	\$4.94	\$5.25	\$5.51	\$5.79	\$6.08	\$6.38
Res Tier 4	\$5.98	\$6.30	\$6.62	\$6.95	\$7.30	\$7.67
Com (sq ft)	\$0.000832	\$0.001052	\$0.001331	\$0.001684	\$0.002130	\$0.002694
Com Min Rate	\$7.50	\$9.49	\$12.00	\$15.18	\$19.21	\$24.29
Com Max Rate	\$73.00	\$96.14	\$121.62	\$153.85	\$194.61	\$246.19



Rate Comparison - Residential



Rate Comparison - Commercial



High Priority Stormwater Capital Needs (CIP): From 2020 Abilene Master Drainage Plan's Top 9 Projects

Project	2024 Costs*
Catclaw Creek**	\$1,271,970
Operations of Lake Abilene/Lake Kirby	\$181,710
Little Elm Creek at S 7 th St	\$6,702,676
Buttonwillow Creek Crossing	\$1,677,531
Elm Creek Detention below Southwest Dr	\$8,320,692
Treadaway and S 27 th St	\$1,101,746
Downtown Railroad Underpass	\$662,017
Buttonwillow Upstream Detention	\$4,290,991
Improve Curry Ln Detention Pond (+V-16)	\$5,751,727
TOTAL	\$28,689,090

*Costs inflated based on ENR's Construction Cost Index, 21.14% increase from October 2019 to June 2024
** Total does not include Catclaw creek as it is currently funded



Scenarios

Scenario 1

- Funds **79% of priority CIP** needs in 5-year window
- Addresses inequities within current fee structure
- Provides for annual fee increases
- Typical residential impact is \$6.25/ month

Scenario 2

- Funds **44% of priority CIP** needs in 5-year window
- Reduces inequity in current fee structure
- Provides intermediate annual increases
- Typical residential impact is \$2.57/month

Scenario 3

- Funds **29% of priority CIP** needs in 5-year window
- Reduces inequity in current fee structure
- Provides for nominal annual fee increases
- Typical residential impact is \$1.16/month

Scenario 4

- Funds do not increase for FY 27, but will need to increase in FY 28
- Provides for operational expenditures
- Use additional Sales Tax surplus funds to cover costs for one of the CIP projects



Mr. Johnson gave a recap of the three different scenarios, as well as a fourth scenario that does not increase the fees in 2027, but 2028 instead, and then potentially using some sales tax funds to help. Council had questions on why the water and sewer fees are being considered as part of the budget, as that has not been done that way in the past. Michael Rice, Assistant City Manager, explained that this was a plan for five years, so it doesn't have to be rehashed every year. They would like to implement a master plan for more long-term planning purposes. Council would like to see updated numbers at the next discussion with pay increases included. Council is leaning more towards scenario two.

10. Water & Sewer Rates

Matthew Dane, Director of Water Utilities, presented water and sewer rates discussion. Fiscal Year 2027 is a "gap year" in the Water 5-year rate cycle, to better understand their rate plan and what Council is looking for. PFAS is also a major feature that they are working through funding on, and hopefully they will have better feedback on that in the next 6 months. Mr. Dane spoke about their research into this decision.

Bottom Line Up Front

- FY27 is a "gap year" in our 5-year rate cycle
- Carry forward the same 6% volumetric increase used through the current rate plan
- Projected FY27 total revenue: \$90,179,096 up from FY26 total: \$86,925,874

Average monthly residential water bill at 7,000 gallons (5/8" meter, inside-city). "Your Model" = Abilene FY27 proposed.



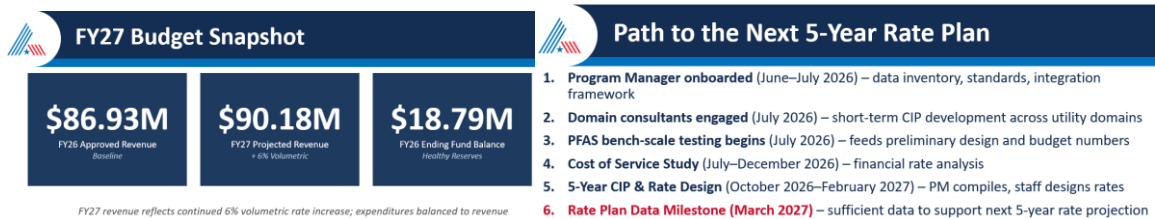
Typical Bill Impact

Residential 5/8" meter, 7,000 gal/mo		Commercial 5/8" meter, 25,000 gal/mo	
FY26 Total Bill	\$96.60	FY26 Total Bill	\$302.20
FY27 Total Bill	\$100.34	FY27 Total Bill	\$318.28
Monthly Change	+\$3.74 (+3.87%)	Monthly Change	+\$16.08 (+5.32%)

6% increase applies to volumetric rates only; customer service charges hold at \$18.25 (water) and \$16.00 (sewer).



Mr. Dane reiterated the need for this gap year, including some information on the Cedar Ridge Reservoir project as it advances through the federal level permitting.



Council questioned why it was being called a gap year while still increasing. Mr. Dane explained that it is outside of their five-year plan projections. It was not meant to imply there is no increase, just not the increase included in their plan. This does not include an increase in non-potable water. He also explained why potable and non-potable water are separated, and that follows federal standards and manuals, which leave the reuse feature out. The reuse water still has an impact though, and he agrees that they would like to get reuse to cover its own costs, while still incentivizing its use.

Part V: Conclusion

Ms. Crawford concluded the meeting by asking for any other questions or key takeaways that Council would like to provide for the preparation of the budget. Council did ask why the changes in the dates for the budget hearings are later this year. Ms. Crawford clarified that we want to make sure we follow requirements of the law and get things done sooner, but we can be flexible if Council likes this schedule better. The Street Maintenance Fee was discussed and the possibility of adjusting that to see what more impact that could have on the roads. Staff will work to figure out the one-time revenues first to see if some of that can be used for street work.

ADJOURNMENT

There being no further business, the meeting adjourned at 1:39 p.m.

Shawna Atkinson
City Secretary

Weldon Hurt
Mayor

Minutes approved on: _____