



CITY OF TEXARKANA

CITY COUNCIL

MINUTES • MAY 28, 2025

Council Chambers

Joint Budget Advisory Committee Workshop

11:30 AM

220 TEXAS BLVD., TEXARKANA, TX 75501

I. CALL TO ORDER

II. WELCOME & OPENING REMARKS

Mayor Bruggeman welcomed everyone to the FY 2026 joint Budget Advisory Committee meeting. Van Alexander thanked the council for its reappointment of the budget advisory members and said staff is always prepared and great to work with each year.

III. ITEM FOR DISCUSSION - PROPOSED FY 2026 CITY BUDGET

Kristin Peeples shared a recap of the FY 2024 audit recently provided by David Coleman of Forvis Mazars. The FY24 audit addressed the General Fund - Fund Balance and also included the Texarkana Water Utilities (TWU) - Texas Revenue Fund.

She continued with the FY25 revised numbers for the General Fund - Fund Balance and TWU - Texas Revenue Fund. Her presentation outlined estimated sales tax revenue and one-time use of fund balance for projects. If those projects are not completed in FY25, they will roll into FY26. The city has received estimated property valuations from the Bowie Central Appraisal District for Tax Year 2025 (Fiscal Year 2026). The city normally receives the **certified** property valuations in late July.

Staff plans to maintain an overall tax rate of \$0.65 for the city. The proposed budget includes water and sewer revenue increases effective October 1st: water and sewer rates based on the adopted rate study (approximately 4% on water and 3% on sewer for the average household user) and a Riverbend fee of \$5.16/1,000 gallons which is an increase of 1.66/1,000 gallons.

As for personnel, the city's health insurance contract is currently in negotiations and staff anticipates a cost increase. The cost increase is currently budgeted at 40%. The proposed budget includes employee pay increases for non-civil service and civil service staff, which is approximately \$575,000 for the city and \$207,500 for TWU employees.

The city has received official notice that current fire pension contributions are insufficient to amortize the unfunded liability within 30 years. Staff and the fire pension board are working collaboratively to develop a mutually agreed-upon funding policy.

Expenditures were discussed and several new items were included in the proposed budget. The Budget Advisory Committee made the following recommendations for FY26:

- Prepare a Popular Annual Financial Report (a brief financial report that is readily accessible and easily understandable to the general public) that meets the requirements for the Government Finance Officers Association (GFOA) award
- Align operations of associated entities and shared departments including TWU, Airport, and Library
- Bring the Information Technology department into the budget of both cities
- Implement personnel increases of 3% for civil service police and fire and 2% for non-civil service employees
- Continue working with insurance consultant to finalize insurance contract and develop cost saving strategies
- Use additional property tax revenue to pay debt service by issuing tax notes or bonds for major street maintenance projects and other capital items
- Restore the Housing Finance Corporation
- Work toward a funding solution for the fire pension plan
- Allocate \$200,000 annually in the TWU budget for incentives for water and sewer extension in new residential developments
- Continuation of the following TWU projects:
 - Waggoner Creek Wastewater Treatment Plant Upgrade
 - State Line Metering and Corridor
 - Texas Viaduct Water Looping
 - Automatic Metering and Energy Audit
 - Highway 82 Water Main Relocation
 - Finalize contract extension with Graphic Packaging
- Increase water and sewer rates based on the adopted rate study effective October 1st
- Implement wholesale water contract CPI increases effective January 1st
- Increase the Riverbend fee to \$5.16/1,000 gallons effective October 1st
- Complete TWU conversion to Springbrook by September 30th

Heath Haigood, Senior Account Executive of Hub International, provided an update of the city's health plan, including a historical health plan financial report that helps to monitor trends over the last few years.

Mr. Haigood presented strategic recommendations related to plan results, moving forward, and employee health and wellness.

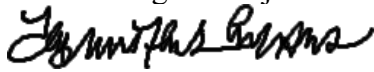
Budget Advisory Members requested the City Manager to set up a small group workshop to further discuss the current and future impacts of rising health insurance costs and how that will affect city employees.

IV. CLOSING COMMENTS

Mayor Bruggeman thanked everyone who participated and joined the meeting.

V. ADJOURNMENT

The meeting was adjourned at 1:34 p.m.



Jennifer Evans
City Secretary



Bob Bruggeman
Mayor