Monday, July 28, 2025
City Council Special Meeting

AMENDED
(to specify "special" meeting)
lkg 07/25/2025 1:55 PM

City Council Chambers
3815-B Sachse Road
6:00 PM

City Council meetings are available live and on-demand (https://sachsetx.swagit.com/live).

The City of Sachse reserves the right to reconvene, recess, or realign the meeting, called Executive Session, or order of business at any time prior to adjournment.

As authorized by Section 551.071(2) of the Texas Government Code, these meetings may be convened into closed Executive Session at any time during the meeting for the purpose of seeking confidential legal advice from the City Attorney on any agenda item listed herein.

A. Special Agenda Items

1. Call to Order: The City Council of the City of Sachse will hold a special meeting on Monday, July 28, 2025, at 6:00 PM to consider the following items of business:

2. Discuss the Fiscal Year 2025-2026 Preliminary Budget.

B. Adjournment

I, the undersigned authority, do hereby certify that this notice of a public meeting was posted in accordance with the regulations of the Texas Open Meetings Act and was posted on the bulletin board, an accessible location at Sachse City Hall, on July 25, 2025, by 5 PM.

Leah K Granger, TRMC, City Secretary

Date removed

Accommodation requests for persons with disabilities should be made at least 48 hours prior to the meeting by contacting Logan Thatcher, ADA Coordinator, via phone at 972-495-1212, via email at lthatcher@cityofsachse.com, or by appointment at 3815 Sachse Road, Building B, Sachse, Texas 75048.

Subject:	**2. Discuss the Fiscal Year 2025-2026 Preliminary Budget.**
Meeting	July 28, 2025 - City Council Special Meeting
Access	Public
Type	Information, Discussion
Fiscal Impact	None
Recommended Action	Discuss the FY 2026-2026 preliminary budget and provide feedback.
Goals	Be a model of financial stewardship through growth management; responsible investment; and financial transparency. Provide a high quality of life environment for families; individuals; businesses; and other organizations in Sachse.

BACKGROUND

The City Council budget workshop is the initial opportunity for City Council to review and discuss the preliminary budget with City staff. Based on feedback from Council, the City Manager will prepare and submit the proposed budget to Council not later than August 15.

The presentation includes a financial update, noting the current projected financial condition of the City. Topics to be covered include an update on current-year budget performance, three-year projections of major operating fund revenues and expenditures, and a fund balance review. Following the financial update, City staff will present the base budget and supplemental budget requests.

The budget for the upcoming fiscal year is in draft form and is considered a working document.

POLICY CONSIDERATIONS

City Charter and state law direct the City Manager to prepare and submit a proposed budget to the City Council no later than the 15th day of August each year. Historically, staff has provided Council a preview of the budget for review and input.

RECOMMENDATION

Discuss the FY 2026-2026 preliminary budget and provide feedback.

File Attachments

1. Presentation_Budget Workshop FY25-26_Final

City of Sachse
2025-2026 Budget

City Council Workshop
July 28, 2025

The City of
SACHSE

Overview

- Financial Update
- City Council's Strategic Priorities
- Preliminary Budget
  - Budget Calendar
  - Base Budgets
  - Capital Improvement Plan
  - Compensation Update
  - Supplemental Requests
  - Summary
- Budget Process Next Steps

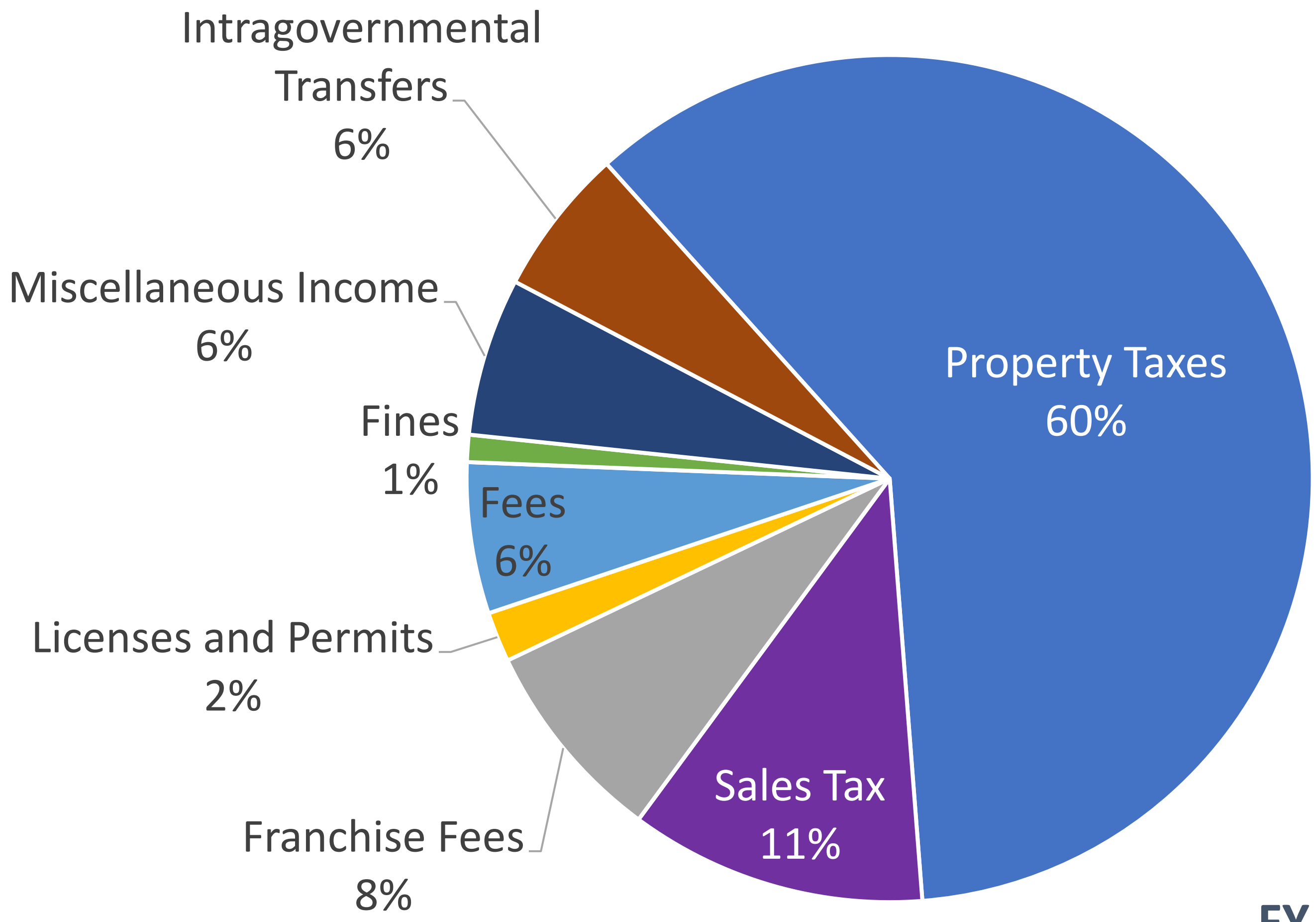
Financial Update

David Baldwin, Director of Finance

Overview

- Financial Update
  - General Fund Revenue Review
  - Current Year Update
  - Three-Year Projections
  - Fund Balance Analysis
  - Debt Capacity

General Fund Revenues



Taxes

Property	(60%)
Sales	(11%)
Franchise	(8%)
TOTAL	(79%)

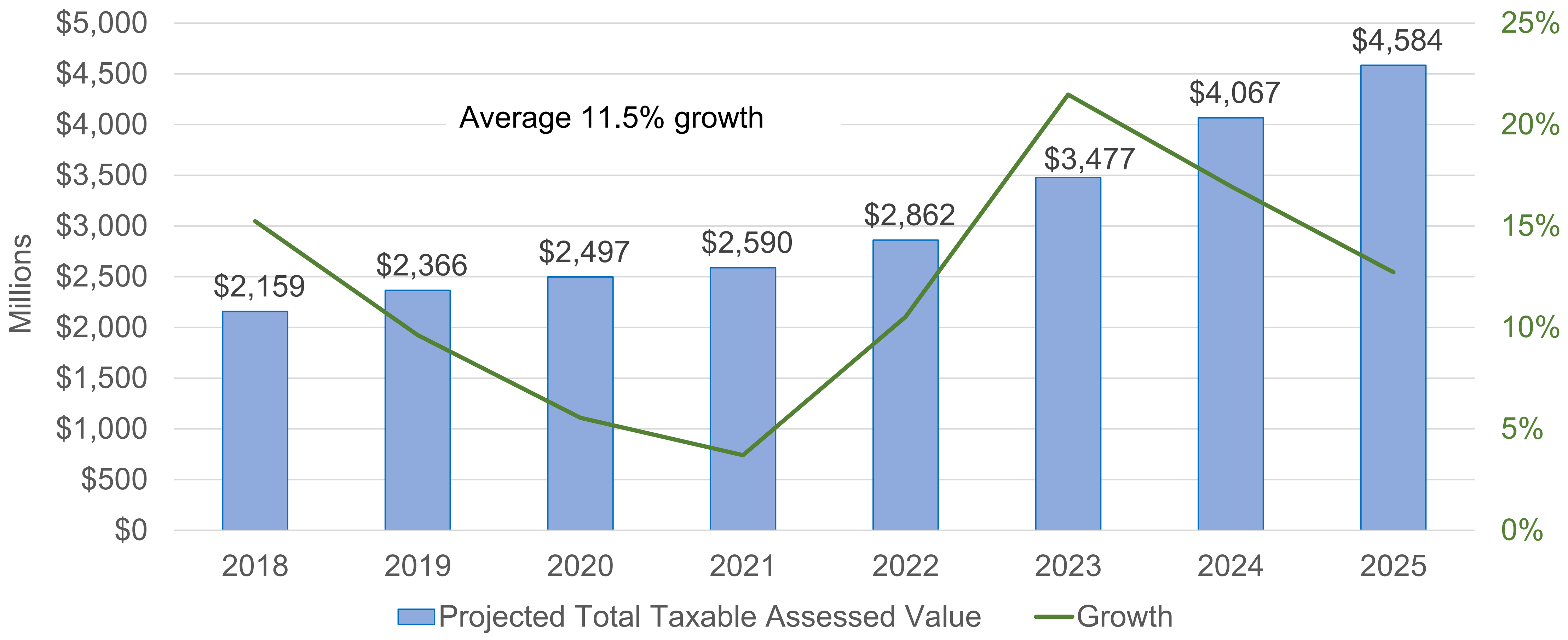
FY 2024 Collections - $27.4M

General Fund YTD (thru 6/30- 75% of fiscal year)

	Budgeted	Actual	Percent
Property Tax Revenue	$18,171,765	$17,836,736	98%
Sales Tax	3,215,000	2,295,641	71%
Franchise Revenue	2,230,711	1,753,281	79%
Licenses and Permits	1,100,500	315,608	29%
Fees	1,791,920	979,828	55%
Other Revenue	3,334,722	3,041,030	91%
TOTAL REVENUE	**$29,844,618**	**$26,222,125**	**88%**
TOTAL EXPENDITURES	**$29,779,469**	**$21,922,622**	**74%**
SURPLUS (DEFICIT)	$65,149	$4,299,503	

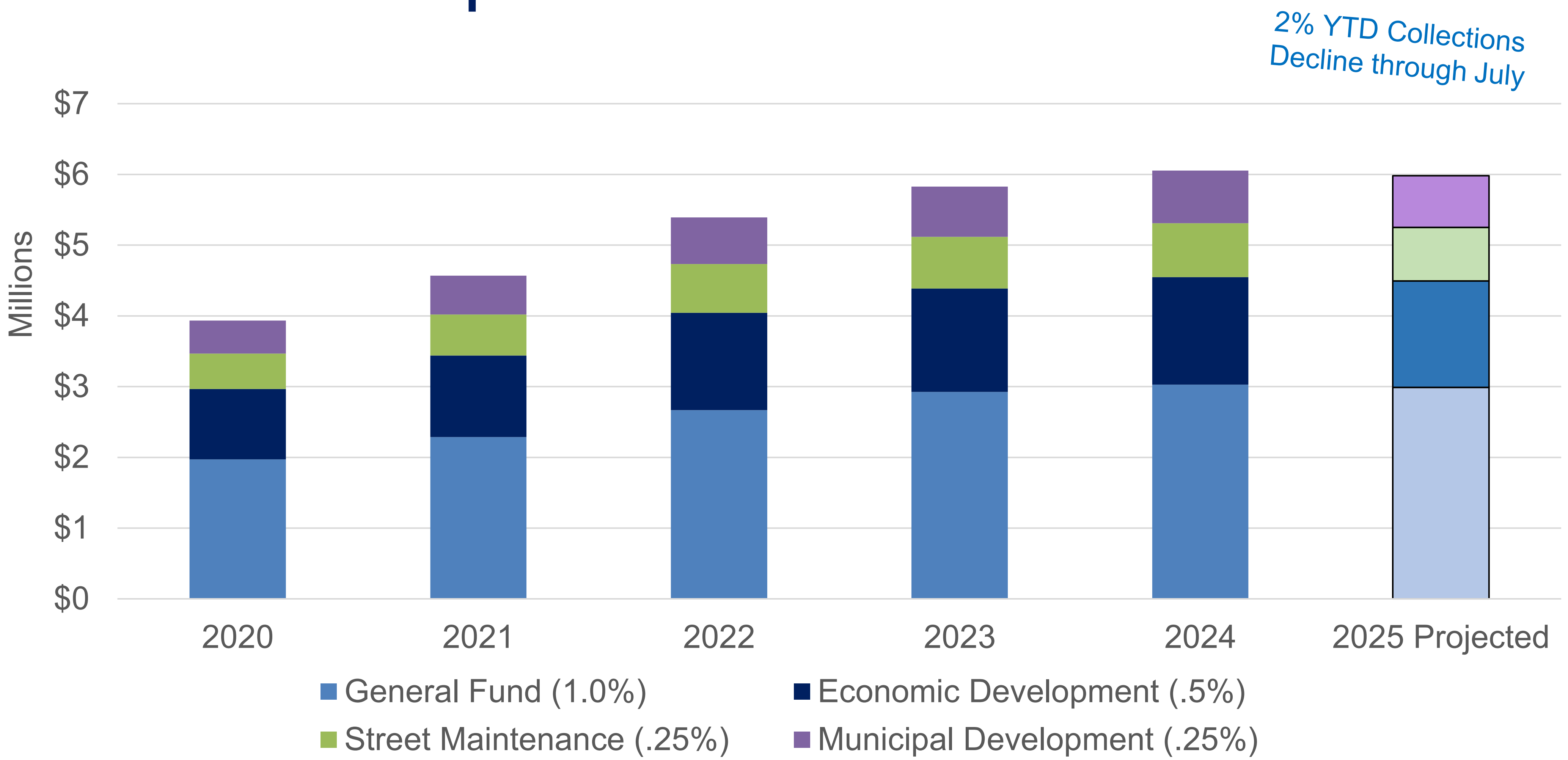
Sachse Fiscal Year: October 1 – September 30

Assessed Property Values

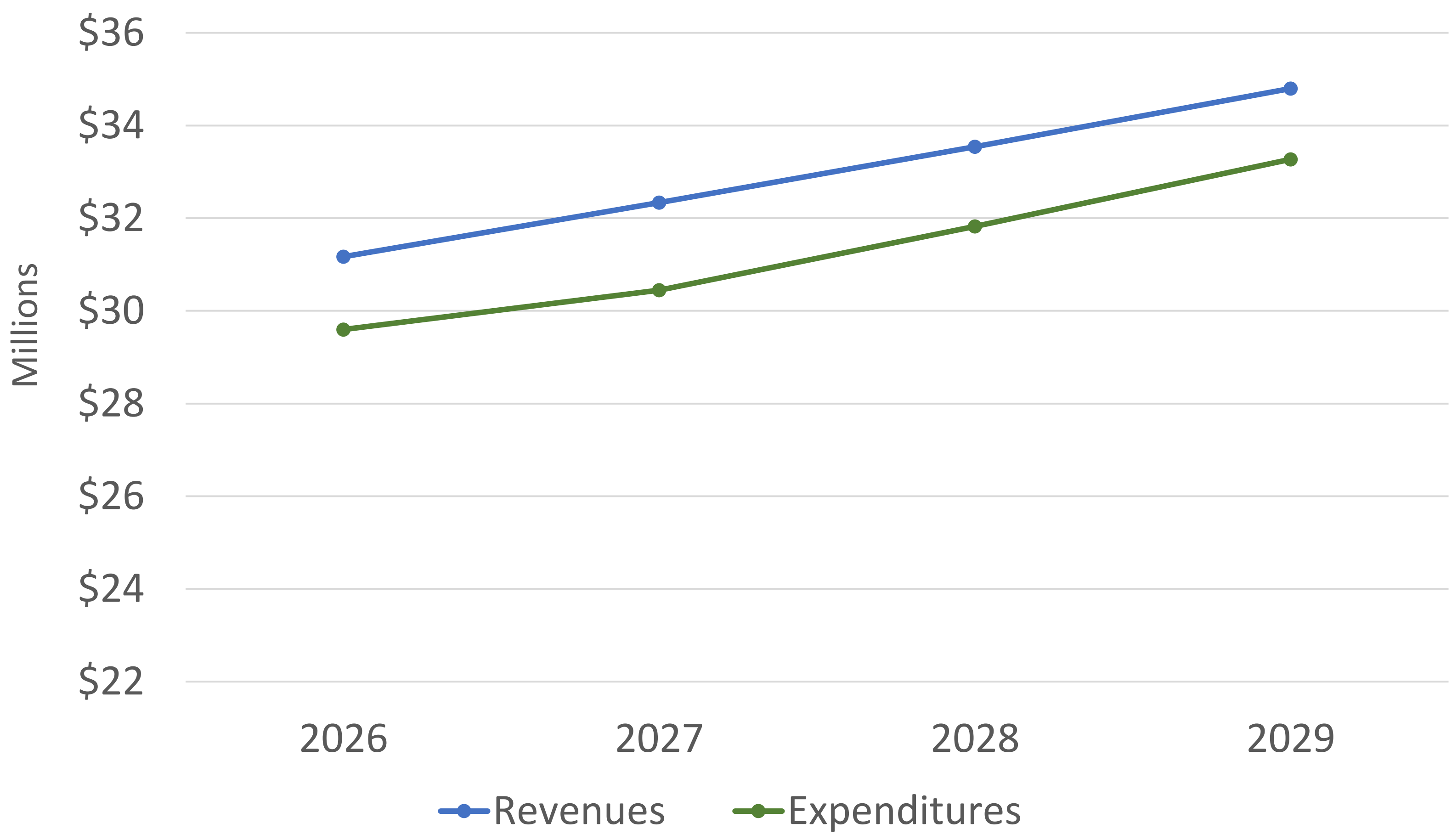


Shown by Fiscal Year

Sales Tax Receipts



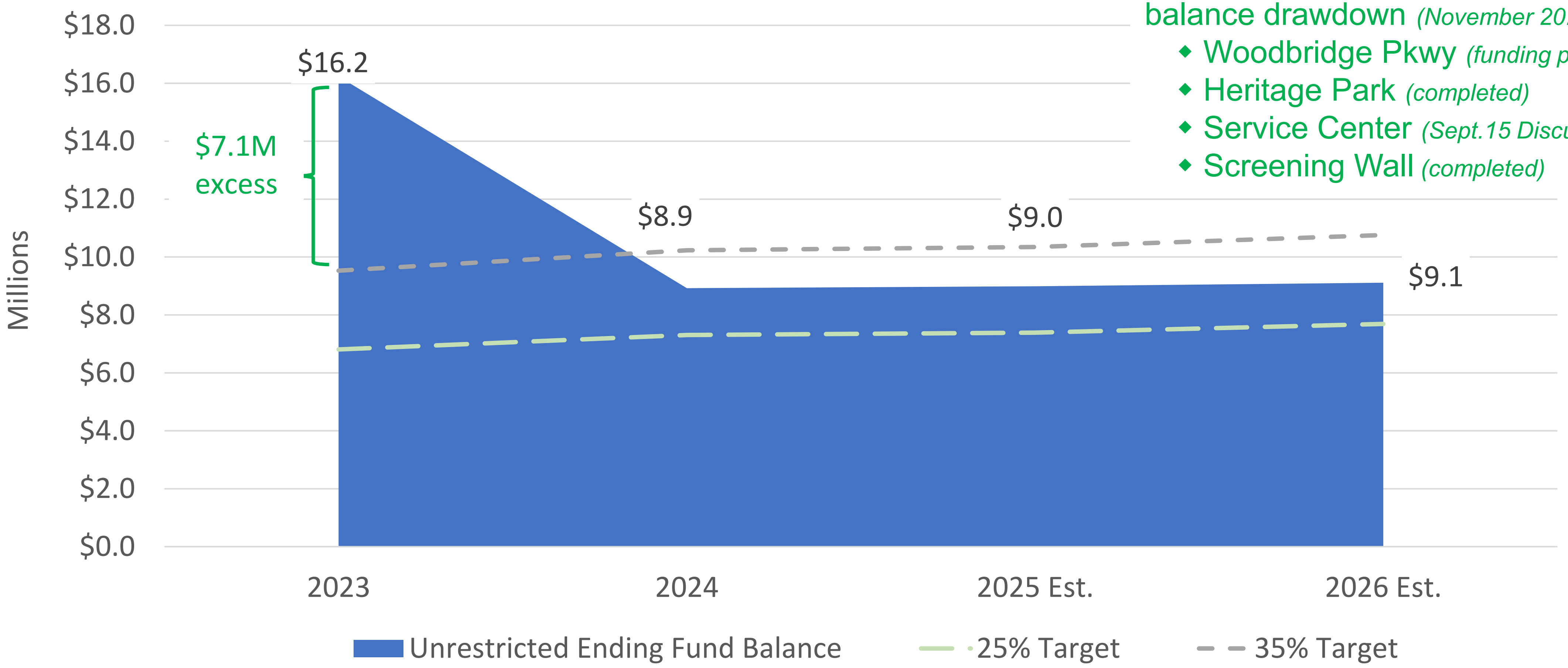
General Fund Operations Three-Year Projection



Revenue assumptions:
- Taxable values: +4% annually
- Sales tax: +3% annually
- All other: +3% annually

Expense assumptions:
- Excludes supplemental requests
- Health expense +10% annually
- Overall +4.0% annually

General Fund Balance



Council approval of $7.1M fund balance drawdown *(November 2022)*

- Woodbridge Pkwy *(funding project)*
- Heritage Park *(completed)*
- Service Center *(Sept.15 Discussion)*
- Screening Wall *(completed)*

Policy – Targeted level of General Fund unassigned reserves should be between 25% and 35%

Utility Fund YTD (thru 6/30- 75% of fiscal year)

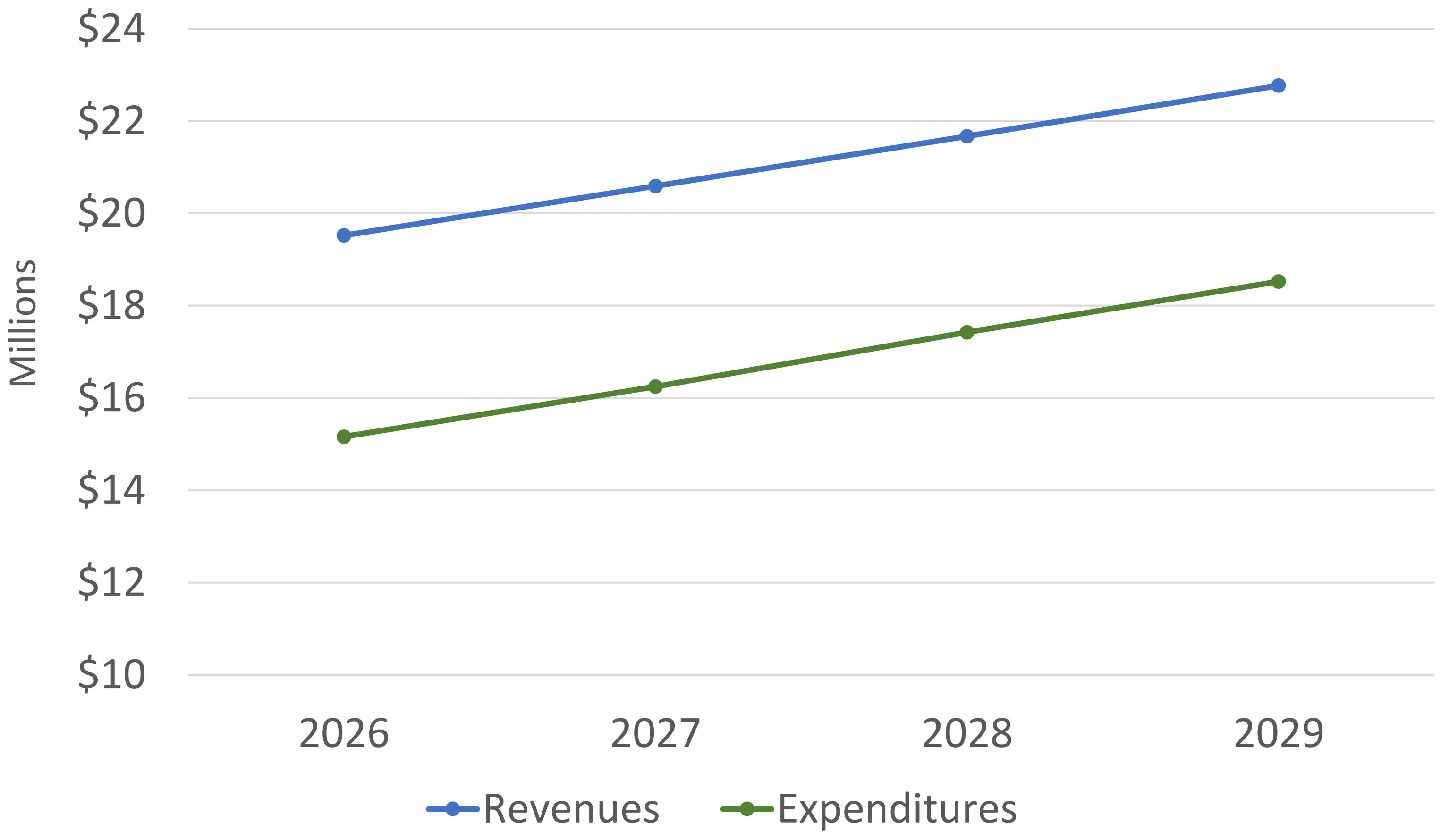
	Budgeted	Actual	Percent
Water Revenue	$10,277,340	$6,852,898	67%
Sewer Revenue	6,817,161	5,403,769	79%
Drainage Revenue	265,000	177,812	67%
Other Revenue	1,098,500	1,052,513	96%
TOTAL REVENUE	**$18,458,001**	**$13,486,992**	**73%**
TOTAL OPERATING EXPENDITURES*	**$14,265,598**	**$10,808,378**	**76%**
SURPLUS (DEFICIT)	$4,192,403	$2,678,614	

*Excludes one-time supplementals & capital project funding

Sachse Fiscal Year: October 1 – September 30

The City of SACHSE

Utility Fund Operations Three-Year Projection



Consultant Rate Model Projections

Revenue assumptions:
- Rates: Water rates: +7%/yr.
  Sewer rates: +2%/yr.

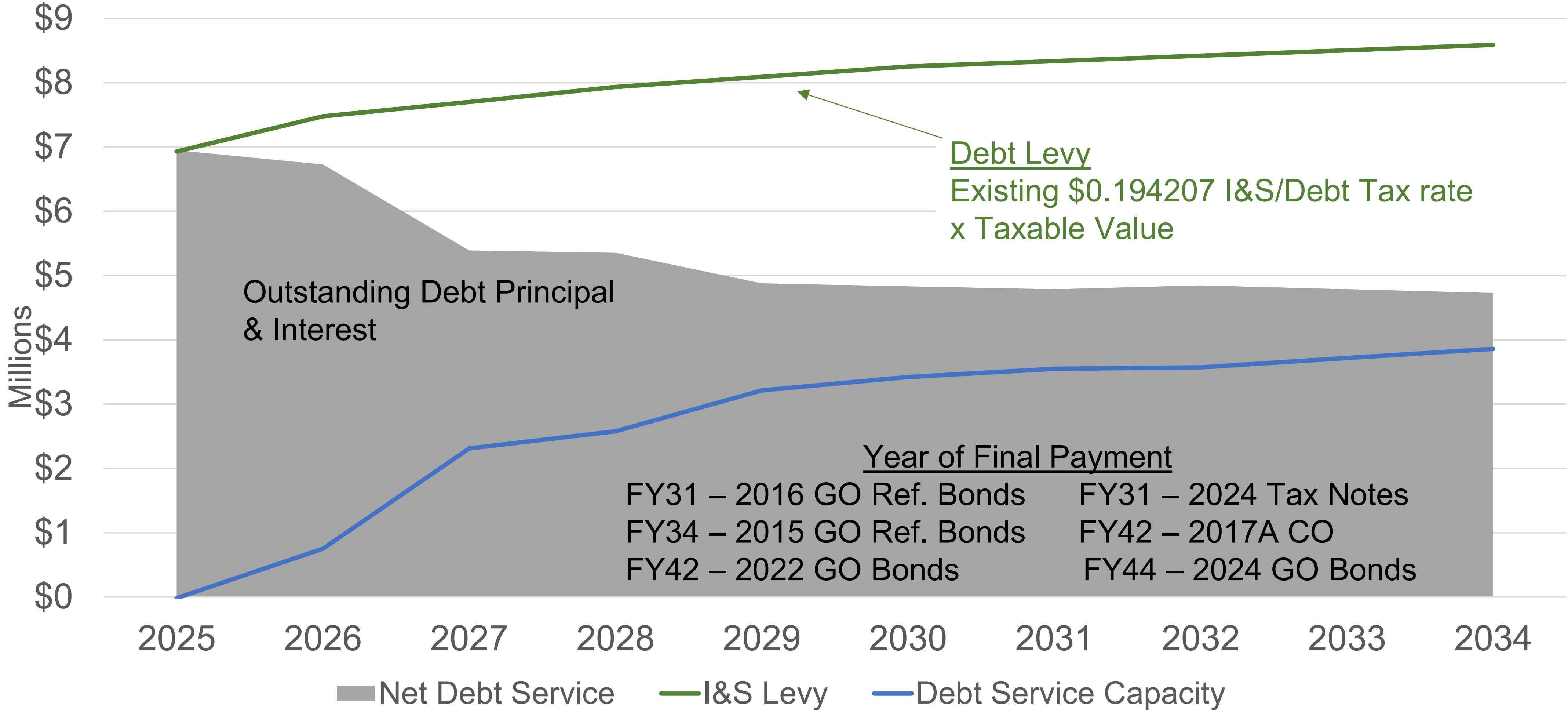
Expense assumptions:
- Exclude CIP, supplemental requests, one-time transfer to Utility VERF
- NTMWD +8.7% in '26
  - +12% in '27 and '28
  - +10% in '29
- Garland Sewer rate +10% in '26
  - +5% annually in future years
- Garland Sewer charge +6% annually
  - *(includes consumption)*

Tax Rate History

Fiscal Year	M&O Rate	I&S Rate	Total Rate	Ratio-%*
2016	0.572279	0.185000	0.757279	76/24
2017	0.562000	0.195279	0.757279	74/26
2018	0.553072	0.194207	0.747279	74/26
2019	0.525793	0.194207	0.720000	73/27
2020	0.525793	0.194207	0.720000	73/27
2021	0.525793	0.194207	0.720000	73/27
2022	0.506527	0.194207	0.700734	72/28
2023	0.456209	0.194207	0.650416	70/30
2024	0.456209	0.194207	0.650416	70/30
2025	0.456209	0.194207	0.650416	70/30

**Policy – Debt service (I&S Rate) component should not exceed 35%. Limit should be reviewed periodically to ensure compatibility with the City's needs.*

Debt Capacity



The City of SACHSE

Questions?

City Council's Strategic Priorities

Gina Nash, City Manager

Strategic Priorities

- The City Council held a strategic planning retreat early 2025 to discuss its priorities for the coming year.
  - In that conversation, the Council confirmed its commitment to investing in infrastructure and our employees.
  - This budget builds off the momentum set into motion in prior years by focusing on a strong Capital Improvement Program and fulfilling the recommendation from the Baker Tilly Compensation Study.
- As a result of this focus, no supplemental requests beyond the compensation proposal are recommended for funding this year.

Strategic Priorities – Infrastructure

- Significant progress has been made through the acceleration of Bond 2021 programming and providing additional resources through prior budgets.
- The CIP focuses on maintenance of existing sidewalks, alleys, and roads as well as anticipate the need for major reconstruction projects through a potential future bond issuance in 2027.
- As mentioned, this is a continuation of the multi-tiered, multi-year approach presented as a part of last year's budget.

Strategic Priorities – Compensation

- The City Council authorized Baker Tilly to conduct a comprehensive compensation and classification study at its December 2, 2024, City Council meeting.
- Since that time, Baker Tilly has reviewed positions, job descriptions, pay plans, employee input, and market data to help the City identify new comparator cities and build a new, market-driven compensation plan.
- Baker Tilly presented materials relative to its study in the spring and early summer, addressing questions and making final changes to the proposal.
- In consultation with department heads and City leadership, the budget reflects the recommendation of **Option 3B – Match Market.**

Preliminary Budget

Gina Nash, City Manager

Overview

- Preliminary Budget
  - Budget Calendar
  - Base Budgets
  - Capital Improvement Plan
  - Compensation Update
  - Supplemental Requests
  - Summary

Budget Calendar

- **August 4** City Council Meeting — Accept certified appraisal tax roles, accept submission of no-new-revenue and voter approval tax rates (if available)
- **August 7** Municipal Development District Meeting – assumed approval of final budget
- **August 7** Budget and Bevs Public Engagement Event
- **August 14** Sachse Economic Development Corporation Meeting – assumed approval of final budget
- **August 15** City Manager's proposed budget to Council and available to public *(Charter requirement)*
- **August 18** City Council Meeting — Budget presentation to Council; schedule public hearings; record vote on max tax rate to consider; discuss budget
- **August 19** Post the "Notice of Public Hearing" and "Explanation of Tax Rates" on City website
- **August 21** Publish the "Notice of Public Hearing"
- **Sept. 2** City Council Meeting — Hold public hearing on budget; budget discussion; set date for adoption
- **Sept. 15** City Council Meeting — Hold public hearing on tax rate (if exceeds no-new-revenue rate); adopt budget; ratify tax rate in the budget; approve proposed tax rate

Budget Overview

- Base Budget – prior year budget less one-time items and capital project funding. The cost of continuing existing levels of service.
  - Revenues
  - Expenditures
- Supplemental Requests – requests for additional budget
  - Program enhancements
  - Service enhancements
  - One-time items

Base Budgets

Gina Nash, City Manager

General Fund Assumptions

- Revenues
  - Property Tax
    - Certified value $4.94 billion
    - Tax rate – 0.650416
    - Recommend keeping rate flat
  - Sales Tax – varying growth
  - Franchise Fees – steady
  - Licenses/Permits
    - Recognizes project delays

- Expenditures
  - Maintain quality services
  - Minimal base budget growth despite inflation

General Fund Revenue

CATEGORY	2024-2025 AMENDED BUDGET	2025-2026 PRELIMINARY BUDGET	CHANGE	% GROWTH
Property Taxes	$18,171,765	$19,778,344	$1,606,579	9%
Sales Tax	3,215,000	3,170,000	(45,000)	(1%)
Franchise	2,230,711	2,354,536	123,825	6%
Licenses/Permits	1,100,500	555,000	(545,500)	(50%)
Fees	1,789,170	1,839,150	49,980	3%
Court Fines	260,000	335,000	75,000	29%
Interest	694,190	600,000	(94,190)	(14%)
Allocated Overhead	1,646,291	1,678,063	31,772	2%
Other Revenue	736,741	820,408	83,667	11%
TOTAL	$29,844,368	$31,130,501	$1,286,133	4%

General Fund Departmental Summary

DEPARTMENT	2024-2025 OPERATING BUDGET	2025-2026 PRELIMINARY BUDGET	CHANGE	% GROWTH
Animal Services	$340,848	$351,779	$10,931	3%
City Manager	1,062,408	1,098,807	36,399	3%
City Secretary	315,001	330,496	15,495	5%
Combined Services	180,252	297,455	117,203	65%
Development Services	1,318,635	1,049,980	(268,655)	(20%)
Engineering	385,718	389,814	4,096	1%
Facilities Maintenance	732,546	757,978	25,432	3%
Finance	1,011,392	1,018,770	7,378	1%
Fire-Rescue	7,698,032	7,848,228	150,196	2%

Excludes one-time supplementals, one-time budget amendments and vacancy assumption

General Fund Departmental Summary

DEPARTMENT	2024-2025 OPERATING BUDGET	2025-2026 PRELIMINARY BUDGET	CHANGE	% GROWTH
Human Resources	$570,446	$563,962	($6,484)	(1%)
Information Technology	1,081,844	1,166,838	84,994	8%
Library	876,453	860,091	(16,362)	(2%)
Municipal Court	322,386	353,035	30,649	10%
Neighborhood Services	443,604	406,334	(37,270)	(8%)
Parks	1,560,420	1,656,200	95,780	6%
Police	7,903,813	8,004,049	100,236	1%
Recreation	885,750	918,140	32,390	4%
Senior Activity Center	221,923	219,532	(2,391)	(1%)
Streets	2,192,495	2,268,535	76,040	3%

Excludes one-time supplementals, one-time budget amendments and vacancy assumption

The City of SACHSE

General Fund Summary

CATEGORY	2024-2025 OPERATING BUDGET	2025-2026 PRELIMINARY BUDGET	CHANGE	% GROWTH
Revenue	$29,844,368	$31,130,501	$1,286,133	4%
Operating Expenses	29,103,966	29,560,023	456,057	2%
Surplus	$740,402	$1,570,478	$830,076	

Excludes one-time supplementals, one-time budget amendments and vacancy assumption

Utility Fund Assumptions

- Revenues
  - Water rates – 7% increase
  - Sewer rates – 2% increase
- Expenditures
  - North Texas wholesale water rates increase by 8.7%
  - Garland sewer treatment rates increase by 10.0%

Utility Fund Revenue

CATEGORY	2024-2025 AMENDED BUDGET*	2025-2026 PRELIMINARY BUDGET	CHANGE	% GROWTH
Water Revenue	$10,277,340	$11,103,536	$826,196	8%
Sewer Revenue	6,817,161	7,058,587	241,426	4%
Drainage Revenue	265,000	265,000	-	0%
Fees	228,500	236,500	8,000	4%
Interest	870,000	1,000,000	130,000	15%
TOTAL	$18,458,001	$19,663,623	$1,205,622	7%

*Excludes one-time capital project funding

Utility Fund Departmental Summary

DEPARTMENT	2024-2025 OPERATING BUDGET*	2025-2026 PRELIMINARY BUDGET**	CHANGE	% GROWTH
Utility Administration	$609,887	$676,941	$67,054	11%
Water Operations	8,325,441	8,985,232	659,791	8%
Sewer Operations	5,330,270	5,720,200	389,930	7%
Drainage***	-	-	-	-
TOTAL	$14,265,598	$15,382,373	$1,116,775	8%

*Excludes one-time supplementals & capital project funding
**Excludes one-time transfer to Utility VERF
***Drainage expenses are all capital project funding. All expenses excluded. Capital project funding to be provided in the August City Manager's Proposed Budget.

Utility Fund Summary

CATEGORY	2024-2025 OPERATING BUDGET*	2025-2026 PRELIMINARY BUDGET	CHANGE	% GROWTH
Revenue	$18,458,001	$19,663,623	$1,205,622	7%
Operating Expenses	14,265,598	15,382,373	1,116,775	8%
Available	$4,192,403	$4,281,250	$88,847	

*Excludes one-time supplementals

Debt Service Assumptions

- No change in tax rate – 0.194207
- Taxable value less TIRZ contribution – $3.88 billion
  - Certified value – $4.94 billion
  - Less Freeze values – $736 million
  - Less TIRZ 2 & 3 values – $316 million

Debt Service Summary

CATEGORY	2024-2025 AMENDED BUDGET	2025-2026 PRELIMINARY BUDGET	CHANGE	% GROWTH
Revenue	$7,912,361	$8,569,149	$656,788	8%
Debt Service Payments	7,707,088	7,523,638	(183,450)	(2%)
Available	$205,273	$1,045,511	$840,238	

Sachse Economic Development Summary

CATEGORY	2024-2025 AMENDED BUDGET	2025-2026 PRELIMINARY BUDGET	CHANGE	% GROWTH
Revenue	$1,886,000	$1,850,000	($36,000)	(2%)
Operating Expenses*	1,830,980	1,904,529	73,549	4%
Surplus	$55,020	($54,529)	($109,549)	

*Excludes capital project funding

General VERF Revenue Allocations

DEPARTMENT	2024-2025 AMENDED BUDGET	2025-2026 PRELIMINARY BUDGET	CHANGE	% GROWTH
Animal Services	$20,000	$12,000	($8,000)	(40%)
City Manager's Office	-	6,000	6,000	-
Development Services	25,000	12,700	(12,300)	(49%)
Engineering	25,000	19,500	(5,500)	(22%)
Facilities Maintenance	40,000	28,400	(11,600)	(29%)
Fire-Rescue	770,000	732,000	(38,000)	(5%)
Information Technology	178,000	212,600	34,600	19%
Neighborhood Services	15,000	10,500	(4,500)	(30%)

Note- Decrease primarily due to adjusting inflation rates to current trends

The City of SACHSE

General VERF Revenue Allocations Cont'd

DEPARTMENT	2024-2025 AMENDED BUDGET	2025-2026 PRELIMINARY BUDGET	CHANGE	% GROWTH
Parks	$75,000	$69,500	($5,500)	(7%)
Police	305,000	281,600	(23,400)	(8%)
Recreation	7,000	5,400	(1,600)	(23%)
Senior Activity Center	15,000	10,100	(4,900)	(33%)
Streets	95,000	71,600	(23,400)	(25%)
Auction Proceeds/Grants	129,000	-	(129,000)	(100%)
Interest Income	120,000	170,000	50,000	42%
TOTAL	$1,819,000	$1,641,900	($177,100)	(10%)

Note- Decrease primarily due to adjusting inflation rates to current trends. Excludes tax note proceeds.

General VERF Expenditures

DEPARTMENT	2024-2025 AMENDED BUDGET	2025-2026 PRELIMINARY BUDGET*	CHANGE	% GROWTH
Facilities Maintenance	$30,000	$-	($30,000)	(100%)
Fire-Rescue	147,828	-	(147,828)	(100%)
Information Technology	118,800	-	(118,800)	(100%)
Police	155,104	-	(155,104)	(100%)
TOTAL	$451,732	$-	($451,732)	(100%)

*Excludes scheduled replacements recommended for funding

Utility VERF Revenue Allocations

DEPARTMENT	2024-2025 AMENDED BUDGET	2025-2026 PRELIMINARY BUDGET	CHANGE	% GROWTH
Transfer-in from Water	$1,052,000	$172,000	($880,000)	(84%)
Transfer-in from Sewer	409,000	110,000	(299,000)	(73%)
Auction Proceeds	15,000	-	(15,000)	(100%)
Interest Income	15,000	50,000	35,000	233%
TOTAL	$1,491,000	$332,000	($1,159,000)	(78%)

Note- Decrease due to initial transfers into this new fund in the first year (2024-2025)

Utility VERF Expenditures

DEPARTMENT	2024-2025 AMENDED BUDGET	2025-2026 PRELIMINARY BUDGET*	CHANGE	% GROWTH
Water	$42,534	$-	($42,534)	(100%)
Sewer	42,534	-	(42,534)	(100%)
Stormwater	-	-	-	-
TOTAL	$85,068	$-	($85,068)	(100%)

*Excludes scheduled replacements recommended for funding

Capital Improvement Plan

Corey Nesbit, Director of Public Works and CIP

Overview

- Capital Improvement Plan Overview
- PASER Illustration
- Project Updates
- Project Recommendations
- Future Funding
- Discussion and Questions

Capital Improvement Plan Overview

- The City Charter requires the submission of a capital improvement plan (CIP) that includes a list of capital improvements to be undertaken in the next six years.
- The CIP is supported through a variety of funding streams and addresses four major areas: water, sewer, drainage, and roadways.
- In each area, the City must address operations and maintenance as well as forecasting future replacements and accumulated depreciation.
- For Sachse and many communities in the Metroplex that are on a similar build-out trajectory, the infrastructure needs are beginning to quickly outpace the resources available.

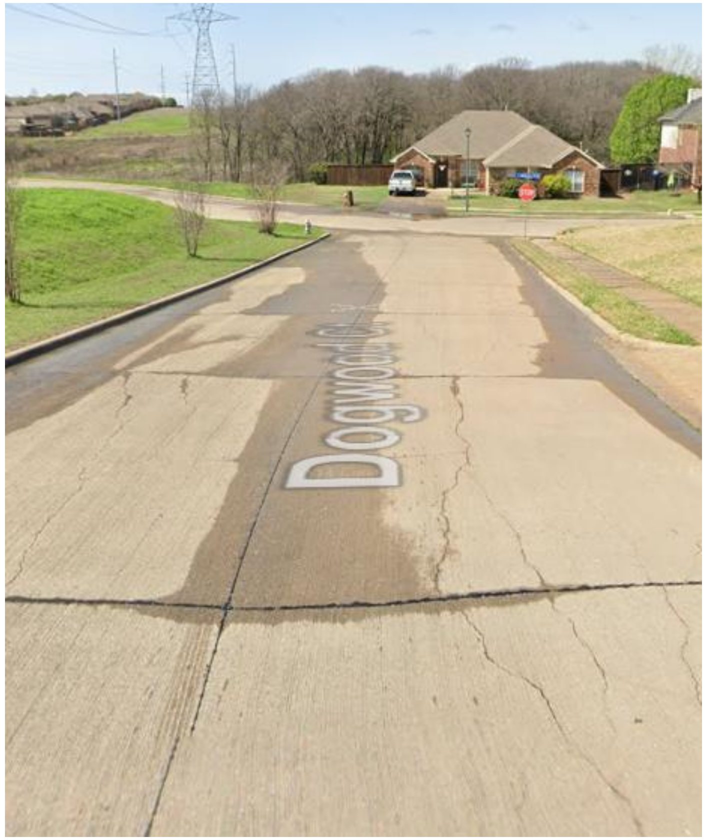
Capital Improvement Plan Overview

- The magnitude of infrastructure needs is significant.
- Sachse, like many communities, developed different zones in different decades, creating a mix of water, sewer, drainage, and roadway ages and issues.
- The estimated cost to address the immediate infrastructure (as of July 2025) is $208,000,000.
- Sachse has approximately 130 lane miles of concrete streets and alleys and 21 lane miles of asphalt streets.
- The approximate dollar per lane mile of replacement of residential street (27 ft. width) is $2.1M.

PASER Illustration

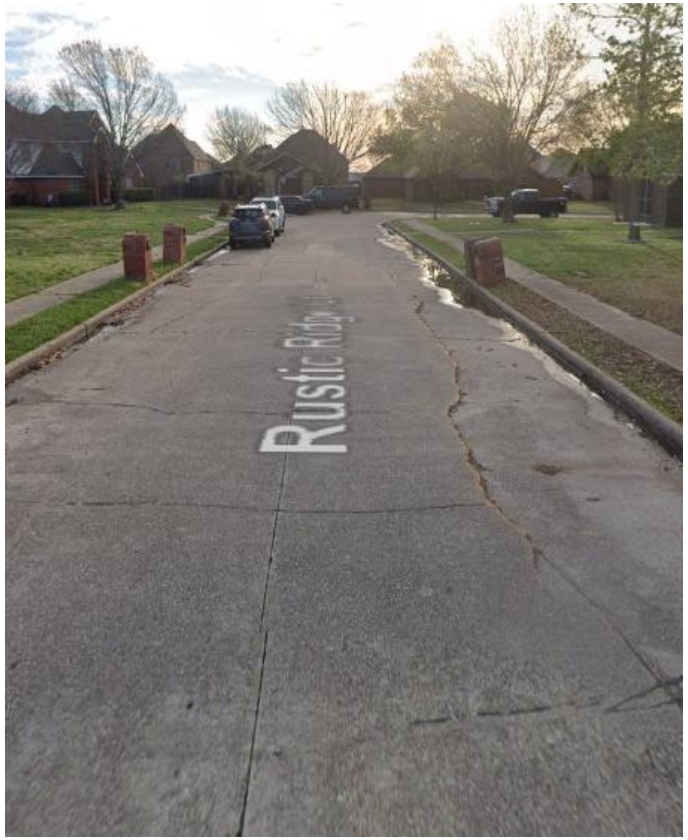
PASER Rating – 1 (37 miles)

PASER Rating – 2 (46 miles)



PASER Illustration

PASER Rating – 3 (52 miles)



PASER Rating – 4 (14 miles)

Capital Improvement Plan Overview

- This CIP is a continuation of the City's commitment and the Council's direction to focus on infrastructure investment with an acknowledgement that prior "pay-as-you-go" strategies alone will not be sufficient to accomplish this task.
  - Insufficient funds to cover all costs
  - Creates intergenerational equity issues where the residents today are paying for the infrastructure of tomorrow
- Debt instruments will play a critical role in solving Sachse's infrastructure issues moving forward.

Projects - Utility

Completed Projects

- Public Works Pump Station Emergency Generator
- Maxwell Creek Pump Station
- Sachse South Pipe Bursting Project
- Murphy Road Pipe Bursting
- Ponderosa/Bonanza Sewer Main Replacement
- Annual Water Tank Cleaning
- Impact Fee Study
- Water and Sewer Rate Study
- Drainage Utility Fee Update

In Progress

- Sewer Rehab Hwy 78 at Old City Hall
- Southeast Sewer Expansion
- 3rd Street Water Line Pipe Bursting
- Public Works Pump Station Improvements
- Utility Master Plan Updates

Projects - Roadway

Completed Projects

- 2025 Asphalt Overlays:

Merritt Road, Sachse Road, Floyd Street, Cornwall Lane

- Miles Road panel replacement

In Progress

- Neighborhood Package (Bond):

Creek Crossing, 7th Street, Alberta Circle, Cedar Creek, Cedar Brook, Industrial/Park Lane, Jewel Alley, Rustic Street and Alley, Maple Shade Alley, and Ridgeview Drive

- Bailey Road
- Sachse Road Phase 2
- West Creek Lane
- Williford Road
- Merritt Road
- Old Ben Davis Road
- Woodbridge Parkway

Project Recommendations – FY 25-26

Roadway

- Staff recommends continuing annual concrete contract (RFP) to secure set pricing from contractors as part of Bond 2021 project list
- Woodbridge Parkway Reconstruction
  - Current Budget: $2,600,000
  - Anticipated budget increase: $400,000
- Miscellaneous Street Repairs
  - $250,000
- Highland Crest Sidewalk Replacement
- GIS System Improvements

Project Recommendations – FY 25-26

Utilities

- Tank Maintenance and Cleaning
- Industrial Drive Water Line Upgrades
- Public Works Pump Station Improvements
- Southeast Sewer Expansion
- Sewer Rehab Hwy 78 at Old City Hall
- GIS System Improvements

Drainage

- Cornwall Street Drainage Improvements
- Various Detention Pond and Drainage Easement Maintenance (Dave Sanford Park)
- Willow Lake Maintenance
- GIS System Improvements

Cornwall Lane Example

Dave Sanford Park Example

The City of SACHSE

Project Recommendations – FY 25-26

Facilities

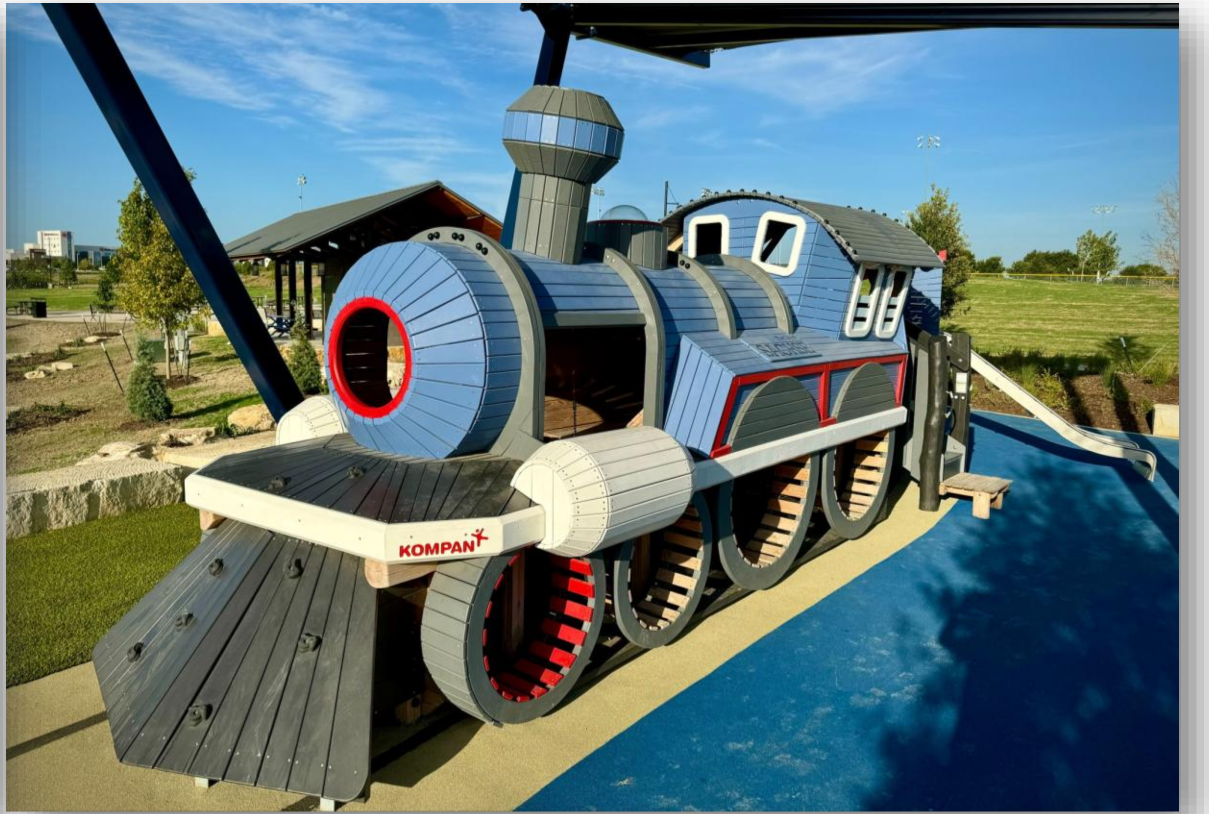
- Service Center Project
- City Facility Maintenance and Repairs
  - Miscellaneous and ongoing maintenance at City facilities

Parks

- Heritage Park Improvements
  - Proposal to complete a pour-in-place treatment on the lower-level playground area at Heritage Park due to ongoing maintenance issues following use

Heritage Park Playground Surface

Upper Level Playground PIP (Poured-In-Place)



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Lower Level Playground Engineered Wood Fibers

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Future Funding

- Majority of available funds are allocated to current and proposed projects through FY 2026-2027
- Future projects have to be rescheduled or delayed in order for appropriate funds to accumulate
- Current General Fund allocations are inadequate to maintain current roadways without falling behind with worsening street conditions
- Staff has identified approximately $160M* of street projects with a PASER rating of 3 and 4
  - (Utilities are not included in this estimate)

Future Funding Strategies

- Pay As You Go
  - Takes years to save up enough for a single medium sized project ($1M-$3M)
  - Requires long-term commitment to annual general fund dedication for a future project
  - Recent passage of Property Tax caps and other State Legislation, this funding alternative is unrealistic without a property tax increase by election
- Bond Election
  - Provides opportunity for enhanced community input on which projects are important
  - Provides dedicated funding for the most important major capital projects
  - Results are seen and implemented much faster
  - It will be possible to issue **some** debt service for bond projects without a tax increase

Discussion and Questions

Compensation Update

Gina Nash, City Manager

Compensation Recommendation

- **Option 3B:** Employees move to the minimum of their assigned pay grade if their current salary is below that amount then receive a 3% adjustment for each year in their position (capped at 8 years) from the new proposed minimum. Any employees whose current salary is greater than the calculation would retain their existing salary.
  - Public Safety employees would retain their current step and would be in a lead market position.
  - This scenario is meant to help alleviate compression by moving employees further into their new range relative to their time in position, while also ensuring that no eligible employee receives less than a 3% adjustment.
  - This option adjusts all employees to the appropriate depth and range within the new pay plan and ensures that all employees receive no less than a 3% adjustment.
  - **This is the most comprehensive and impactful option and is therefore recommended for funding at the Match Market position.**

Implementation Scenarios - Option 3B

Baker Tilly Implementation (OPTION 3B MATCH MARKET)	Public Safety*	Non-Sworn	General Fund Total	Utility Fund	EDC	Grand Total
Proposed Salary Increase	$ 718,614	$ 569,234	$ 1,234,233	$ 64,459	$ 6,343	$ 1,305,035
Salary Based Benefits			$ -			
TMRS	$ 116,954	$ 92,643	$ 200,871	$ 10,491	$ 1,032	$ 212,395
Social Security	$ 44,554	$ 35,293	$ 76,522	$ 3,996	$ 393	$ 80,912
Medicare	$ 10,420	$ 8,254	$ 17,896	$ 935	$ 92	$ 18,923
Totals	$ 890,542	$ 705,423	$ 1,595,965	$ 79,881	$ 7,861	$ 1,683,707

Baker Tilly Implementation (OPTION 3B LEAD MARKET)	Public Safety*	Non-Sworn	General Fund Total	Utility Fund	EDC	Grand Total
Proposed Salary Increase	$ 718,614	$ 680,212	$ 1,402,608	$ 83,958	$ 10,150	$ 1,496,715
Salary Based Benefits			$ -			
TMRS	$ 116,954	$ 110,704	$ 228,274	$ 13,664	$ 1,652	$ 243,590
Social Security	$ 44,554	$ 42,173	$ 86,962	$ 5,205	$ 629	$ 92,796
Medicare	$ 10,420	$ 9,863	$ 20,338	$ 1,217	$ 147	$ 21,702
Totals	$ 890,542	$ 842,953	$ 1,733,495	$ 104,045	$ 12,578	$ 1,850,117

**Anniversary steps, 2% top out lump sum, and adjustment to market average incentive and education pay included*

Compensation Recommendation

- Option 3B is the most comprehensive option for all employees and is the most sustainable for the future.
- Unfortunately, the City is not in a position with current available funds to adopt a “lead market” position for Option 3B.
- As a result, staff recommends the Council consider implementing **Option 3B –Match Market**.
- The City has the ability to fund this proposal in its entirety with existing revenues.
- Total cost to the General Fund for implementation: **$1,595,965**

Implementation Costs

General Fund Implementation Costs				
	Option 1	Option 2	Option 3	Option 3B
Match Market	$ 601,558	$ 989,537	$ 1,337,763	$ 1,595,965
Lead Market	$ 704,582	$ 1,060,160	$ 1,546,130	$ 1,733,495

Supplemental Requests

Gina Nash, City Manager

The City of SACHSE

Supplemental Requests

- Supplemental Requests – requests for additional budget
  - Program enhancements
  - Service enhancements
  - One-time items

Supplemental Requests - Summary

General Fund	Utility Fund	EDC Fund	VERF (General & Utility)
10 requests $2.1M	2 requests $170K	1 request $8K	7 requests $488K

Reflects all final submitted requests and net budget totals

General Fund Supplementals

DEPT.	DESCRIPTION	NET REQUEST		RECOMMENDED	
		FTE	$	FTE	$
Various	Compensation	-	$1,482,148	-	$1,482,148
Secretary	Records Clerk	1.0	85,960	-	-
Finance	Purchasing and Asset Services Specialist	1.0	53,275	-	-
Fire-Rescue	Battalion Chief (EMS)	1.0	222,762	-	-
	Rope Rescue Equipment	-	17,713	-	-
	Handtevy Pediatric Care System	-	12,365	-	-
Library	All-In-One Learning Stations Replacement	-	7,112	-	-
	Dual Extruder 3D Printer	-	6,655	-	-

General Fund Supplementals Continued

DEPT.	DESCRIPTION	NET REQUEST		RECOMMENDED	
		FTE	$	FTE	$
Police	Reclassification Position Lieutenant	-	$88,497	-	$-
PW/ Streets	Streets Maintenance Technician	1.0	92,667	-	-
	TOTAL	4.0	$2,069,154	-	$1,482,148
	FUNDS REMAINING				$88,330

Utility Fund Supplementals

DEPT.	DESCRIPTION	NET REQUEST		RECOMMENDED	
		FTE	$	FTE	$
Various	Compensation	-	$78,283	-	$78,283
PW/ Water	Streets Maintenance Technician	1.0	92,167	-	-
	TOTAL	1.0	$170,450	-	$78,283
	FUNDS REMAINING				$3,013,242

EDC Fund Supplementals

DEPT.	DESCRIPTION	NET REQUEST		RECOMMENDED	
		FTE	$	FTE	$
Various	Compensation	-	$7,703	-	$7,703
	TOTAL	-	$7,703	-	$7,703
	CURRENT YEAR FUNDS REMAINING*				($287,232)
	FUNDS REMAINING**				$6,027,168

*Includes capital project funding
**Includes estimated FY24-25 ending fund balance

General VERF Scheduled Replacements

All Replacements Recommended

DEPARTMENT	DESCRIPTION	REQUESTED	NET REQUEST
Finance/ IT	Computer Replacement – Cycle 3	$69,570	$69,570
LS/ Parks	F-250 Truck and Accessories	61,366	56,366
	Toro Zmaster 6000	11,841	10,841
Police	Chevrolet Tahoe Patrol Vehicle	76,785	72,785
	Chevrolet Tahoe Patrol Vehicle	76,785	72,785
	Chevrolet Traverse Admin Vehicle	48,200	46,200
PW/ Streets	580SN Case Backhoe/Loader	143,000	133,000
	TOTAL	$487,547	$461,547
		Funds Remaining*	$6,726,249

*Reflects projected fund balance available after funding FY26 replacements

Utility VERF Scheduled Replacements

DEPARTMENT	DESCRIPTION	REQUESTED	NET REQUEST
Water	No Scheduled Replacements	$-	$-
Sewer		-	-
Stormwater		-	-
	TOTAL	$-	$-
		Funds Remaining*	$3,047,832

*Reflects projected fund balance available after funding any FY26 replacements (none scheduled)

Summary

David Baldwin, Director of Finance

Preliminary Budget Summary of Funds

Fund	2025-2026 Revenues*	2025-2026 Expenditures*	2025-2026 Surplus/(Deficit)
General Fund	$31,212,399	$31,124,069	$88,330
Utility Fund	19,663,623	16,650,381	3,013,242
Debt Service Fund	8,569,149	7,523,638	1,045,511
Economic Development Corporation (EDC) Fund**	1,850,000	2,137,232	(287,232)
General Vehicle/Equipment Replacement (VERF) Fund	1,667,900	487,547	1,180,353
Utility Vehicle/Equipment Replacement (VERF) Fund	332,000	-	332,000

*Includes recommended supplemental requests
**Fund balance available to fund budget deficit

Budget Process Next Steps

- "Budget and Bevs" Public Engagement Event – August 7th
- City Manager proposed budget
  - Available to Council & on website – August 15th
  - Presentation to Council – August 18th
- City Council Meeting – September 2nd
  - Budget Public Hearing
  - Budget Discussion
  - Set Date for Budget Adoption
- City Council Meeting – September 15th
  - Tax Rate Public Hearing
  - Adopt Budget
  - Ratify Tax Rate in the Budget
  - Approve Proposed Tax Rate

Questions and Feedback?