

**FINANCE COUNCIL COMMITTEE**  
**AUGUST 6, 2025**  
**DRAFT MINUTES**

Council present:

Dan McClendon  
Larry Scott  
Adam Russell, Chair

Council Absent:

Staff present

Tommy Ludwig City Manager  
Harlan Jefferson, Deputy City Manager  
Eric Oscarson, Deputy City Manager  
Amanda Campos, City Secretary  
Monica Solko, Deputy City Secretary

**1. CALL TO ORDER – Time: 9:00 am.**

Chair Adam Russell called the meeting to order. **Time: 9:05 a.m.**

**2. CITIZEN APPEARANCES**

- None.

**3. GENERAL**

**A. Minutes from the June 18, 2025 Finance Committee meeting. (Staff Contact: Monica Solko, Deputy City Secretary)**

Motion made by Dan McClendon and seconded by Larry Scott to approve.

Motion passed 3-0.

**4. REPORTS AND PRESENTATIONS**

**A. Receive a report, hold a discussion, provide recommendations to the city council on the FY 2025-2026 (tax year 2025) property tax rates, and receive any additional feedback from the Finance Committee regarding the annual budget for FY 2025-2026. (Staff Contact: Kevin Hennessey, Interim Director of Finance)**

Kevin Hennessey, Interim Director of Finance, presented the FY 2025–2026 (tax year 2025) property tax rates to the committee. He noted that the proposed rate does not exceed the voter-approval rate. He reviewed the 2025 unused increment rate of \$0.0047 and stated that 2022 is the last eligible year that can be applied. He provided an overview of the current property tax rates, including the M&O rate of \$0.4704, the debt rate of \$0.1923, and the total rate of \$0.6627. For FY 2026,

the NNRR is \$0.6591, the M&O NNRR is \$0.4721, with 35% attributed to M&O. The voter-approval rate is \$0.7218. He also reviewed proposed water rates, solid waste residential rates, and the total annual impact to residents (tables presented). General fund rate comparisons included the proposed rate of \$0.6989, the voter-approval rate without increment at \$0.7171, and the voter-approval rate with increment at \$0.7218.

Committee discussion covered differences between rates, assumptions related to staffing levels, potential impacts of not lowering the rate, street and stormwater personnel needs, CIP projects, and the I&S rate. Members discussed whether there is any benefit in using or not using the increment given appraisal caps and freezing. It was noted that the \$0.0047 increment would be lost if not used this year. Additional revenues could help address service needs but would increase the burden on residents.

Chair Russell expressed support for the \$0.7171 rate and suggested reconsidering the effective date for merit and step increases, proposing that they take effect October 1 rather than January 1 and be evaluated annually.

After further discussion, the committee was in favor of the voter-approval rate with increment (\$0.7218). The committee asked how additional revenue would be utilized, noting priorities such as paramedics, firefighters, and fund balance stability. City Manager Tommy Ludwig would bring back information on roadway maintenance and fire and police staffing needs.

The committee supported moving forward with the voter-approval rate with increment and requested that staff outline how the additional revenue would be allocated, along with implementing an October 1 effective date for merit and step equity adjustments.

### **RECESS AND BACK TO ORDER**

Chair Adam Russell recessed for a short break at 9:52 a.m. and called the meeting back to order at 10:02 a.m. with all members present.

#### **B. Receive a report, hold a discussion, and provide recommendations on the proposed Fiscal Year 2025-2026 budget and related items. (Staff Contact: Kevin Hennessey, Interim Director of Finance)**

Tommy Ludwig, City Manager, presented the FY 2025–2026 budget and related items to the committee.

Discussion included budget and fund overviews, five-year capital improvement plan and next steps. Compensation and benefits merit increases, market

adjustment and health insurance. Impact table to the residents, sales tax, supplement requests, proposed fee changes, debit service fund, IT support service fund. The committee requested a slide be added showing the costs out, health insurance fund, equipment replacement fund, 4A, Parks performance fund, 4B, make the changes to the merit increases to be effective October 1 along with step pay.

Committee was in favor of holding the fire/police positions and making step and equity pay shifts merit increase effective October 1. The committee was in favor and requested an item be brought forward to the full council for consideration.

## **5. REQUEST FOR FUTURE AGENDA ITEMS AND REPORTS**

- None.

## **6. EXECUTIVE SESSION**

In accordance with Chapter 551 of the Texas Government Code, the Committee may convene in Executive Session in the City Council Workroom at City Hall to conduct a closed meeting to discuss any item listed on this agenda.

- Pending or Contemplated Litigation or to Seek the Advice of the City Attorney Pursuant to Section 551.071

No executive session needed.

## **7. ADJOURN**

There being no further business Chair Adam Russell adjourned the meeting.

**Time: 10:59 a.m.**

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Monica Solko  
Deputy City Secretary