

FY 2025-26 Budget Update



May 6, 2025

Review and discuss the development of the Fiscal Year 2025-26 Combined Operating and Capital Budget.



Background

- ❖ The purpose of this agenda item is to provide an opportunity for staff to receive comments from the Town Council relating to the Fiscal Year 2025-26 Combined Operating and Capital Budget process and/or any item(s) the Town Council would like the staff to consider, study, or incorporate into the FY 2026 Budget.

Recommendation

- ❖ Staff seeks input and direction from the Town Council during the process of developing the FY 2026 Budget.

Financial Impact

- ❖ None – Discussion Only

Property Taxes



Property Value Estimates

- ❖ Staff has received the Preliminary Estimate of Value report from the Dallas Central Appraisal District
 - The **2025 Preliminary Taxable Value** of **\$10,425,060,983** represents an **11.1%** increase over 2024 Certified Taxable Value
 - The **2025 New Construction Taxable Value** of **\$172,485,492** is up **35.7%**

Property Value Estimates (Cont'd)

- ❖ 2025 Certified Taxable Value Estimate = \$10,267,741,041 (9.4% Increase)
- ❖ 2025 New Construction Certified Taxable Value Estimate = \$161,906,573 (27.4% Increase)

Property Tax Rate Estimates - NNR

Tax Year 2024 (FY25) Tax Rate	0.208550
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FY26 Est. No-New-Revenue Rate (NNR)	0.193666
FY26 Est. Levy - NNR @ 99.5% Collection Rate	\$ 19,785,765
FY26 Est. NNR Revenue Increase	\$ 377,756
NNR Rate Reduction	0.014884

 1.95%

No New Revenue Tax Rate: “...a tax rate that would produce the same amount of taxes if applied to the same properties that are taxed in both years”

Property Tax Rate Estimates - VAR

Tax Year 2024 (FY25) Tax Rate	0.208550
FY26 Est. Voter Approval Rate (VAR)	0.200445
FY26 Est. Levy - VAR @ 99.5% Collection Rate	\$ 20,478,265
FY26 Est. VAR Revenue Increase	\$ 1,070,256
VAR Rate Reduction	0.008105

 5.51%

- ❖ Voter Approval Tax Rate: “No-new-revenue maintenance and operations tax rate times 1.035) plus current debt plus unused increment rate.”
- ❖ VAR is the highest rate a taxing entity may adopt without voter approval

Value of 1 Cent

❖ One Cent on the Tax Rate (Estimate) = \$1.022M



Property Tax Key Upcoming Dates

Date	Activity
May 12	DCAD to Release Regular Preliminary Estimates
May 15	Deadline to Protest Real Property
July 25	DCAD to Release Certified Values

Sales Taxes



Sales Tax Preliminary Estimate

FY2024 Actual	FY 2025 Budget	FY 2025 Projection	FY 2026 Prelim	FY 2026 Prelim \$ Increase	FY 2026 Prelim % Increase
\$ 8,801,419	\$ 7,020,752	\$ 8,668,000	\$ 8,208,320	\$ 1,187,568	16.9%



Other Key Revenue Assumptions



Building Permit Revenue

Subject to change

- ❖ Building permit revenue is **down significantly** to the current budget
- ❖ For FY25-26, the **working forecast of \$1,216,330** is **down 21.7%** to the current year budget and **up 1.1%** to what we anticipate receiving in the current fiscal year
- ❖ Staff will review the rate structure and will bring forward any recommended adjustments

Other Key Revenue Assumptions (Recommendations Subject to Change)

Revenue Type	Proposed Increase Assumption*
Water Rates	3.9%
Sanitary Sewer Rates	3.0%
Stormwater Rates	100.0%
Solid Waste (Trash & Recycling Services)	3.5%

*Working proposal – recommendations subject to change as the FY25-26 budget development progresses forward

FY2025-26 Budget
Development Process Key
Dates



FY2025-26 Budget Development Process

Key Upcoming Dates

Date	Meeting Type	Activity
Tuesday, May 6	Town Council Study Session	<ul style="list-style-type: none"> Review and discuss with the Town Council the progress of the FY 2025-26 budget process and the Council's priorities and expectations of the FY 2025-26 Budget
Tuesday, June 3	Town Council Study Session	<ul style="list-style-type: none"> Review and discuss with the Town Council the progress of the FY 2025-26 budget process and the Council's priorities and expectations of the FY 2025-26 Budget Review and discuss with the Town Council any proposed updates, changes, or revisions to the Town's 10-year Capital Improvement Plan
Thursday, June 26	N/A	<ul style="list-style-type: none"> FY 2025-26 Proposed Budget delivered to the Town Council and the Town Secretary and available for public inspection
Tuesday, July 1	Town Council Study Session	<ul style="list-style-type: none"> Review and discuss the Proposed Budget with Town Council Council sets date to call Public Hearing on the FY 2025-26 Proposed Budget [Town Charter 9.05(A)] for August 5
Friday, July 25	N/A	<ul style="list-style-type: none"> Receive Certified Property Values from the Dallas Central Appraisal District
Tuesday, August 5	Town Council Meeting	<ul style="list-style-type: none"> Public Hearing on FY 2025-26 Proposed Budget Town Council sets preliminary ad valorem tax rate Call Public Hearing on Tax Rate for September 2
Tuesday, August 19	Town Council Meeting	<ul style="list-style-type: none"> Review and discuss the Proposed Budget with Town Council <i>Call for a Voter Approval Tax Rate Election (VATRE) if the preliminary tax rate set by the Town Council exceeds the Voter Approval Rate</i>
Tuesday, September 2	Town Council Meeting	<ul style="list-style-type: none"> Public hearing on the tax rate Town Council considers approval of the FY2025-26 Proposed Budget, 10-Year Capital Improvement Plan, and ordinance adopting the 2025 property tax rate for FY2025-26

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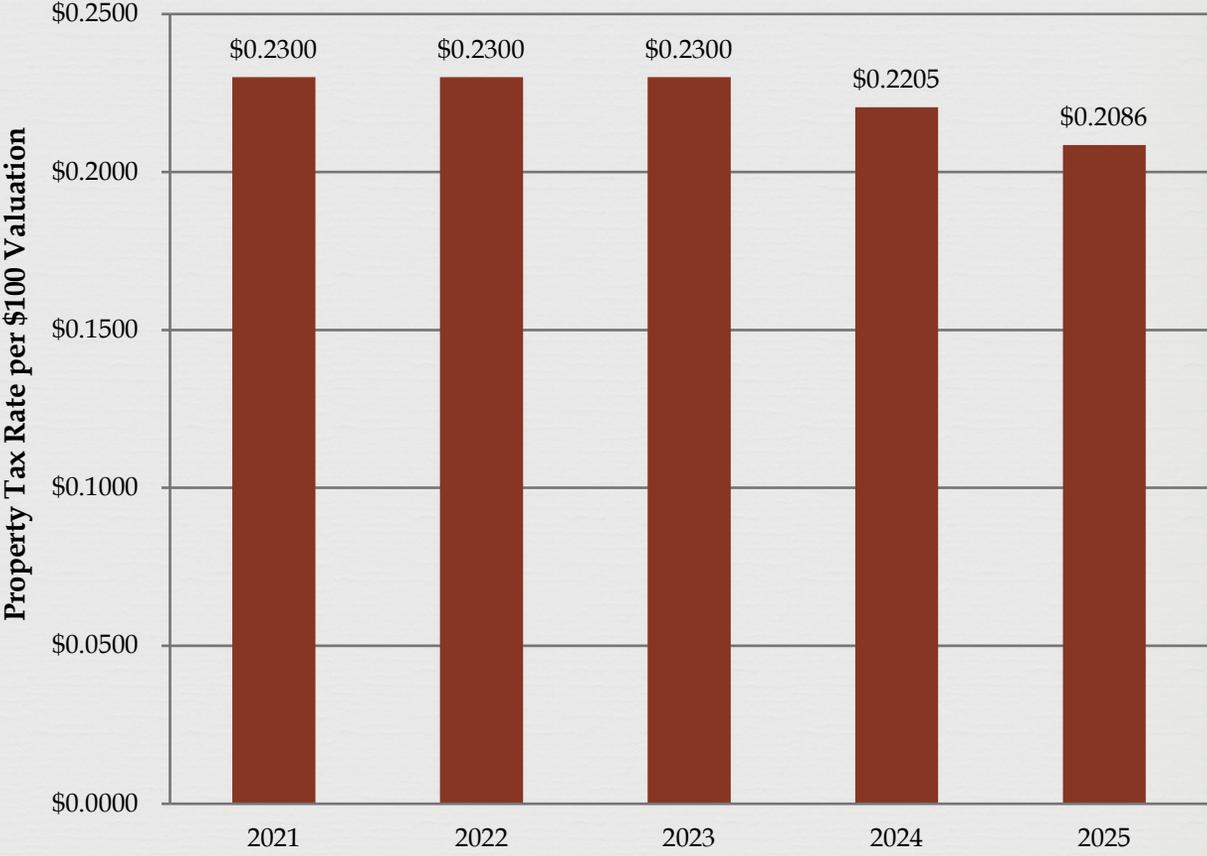
Highland Park

General Fund





Property Tax Rate History

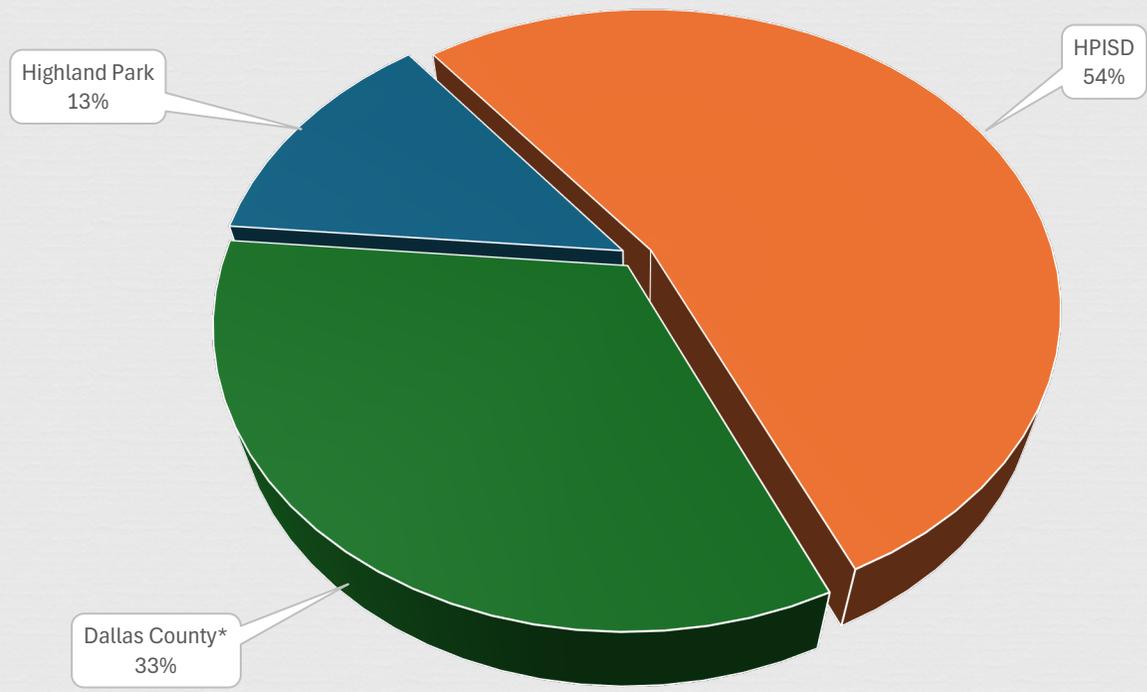


Property Tax Rates

(Per \$100 T.A.V.)

Highland Park	\$ 0.208550
HPISD	\$ 0.866900
Dallas County*	\$ 0.533095
Total	\$ 1.608545

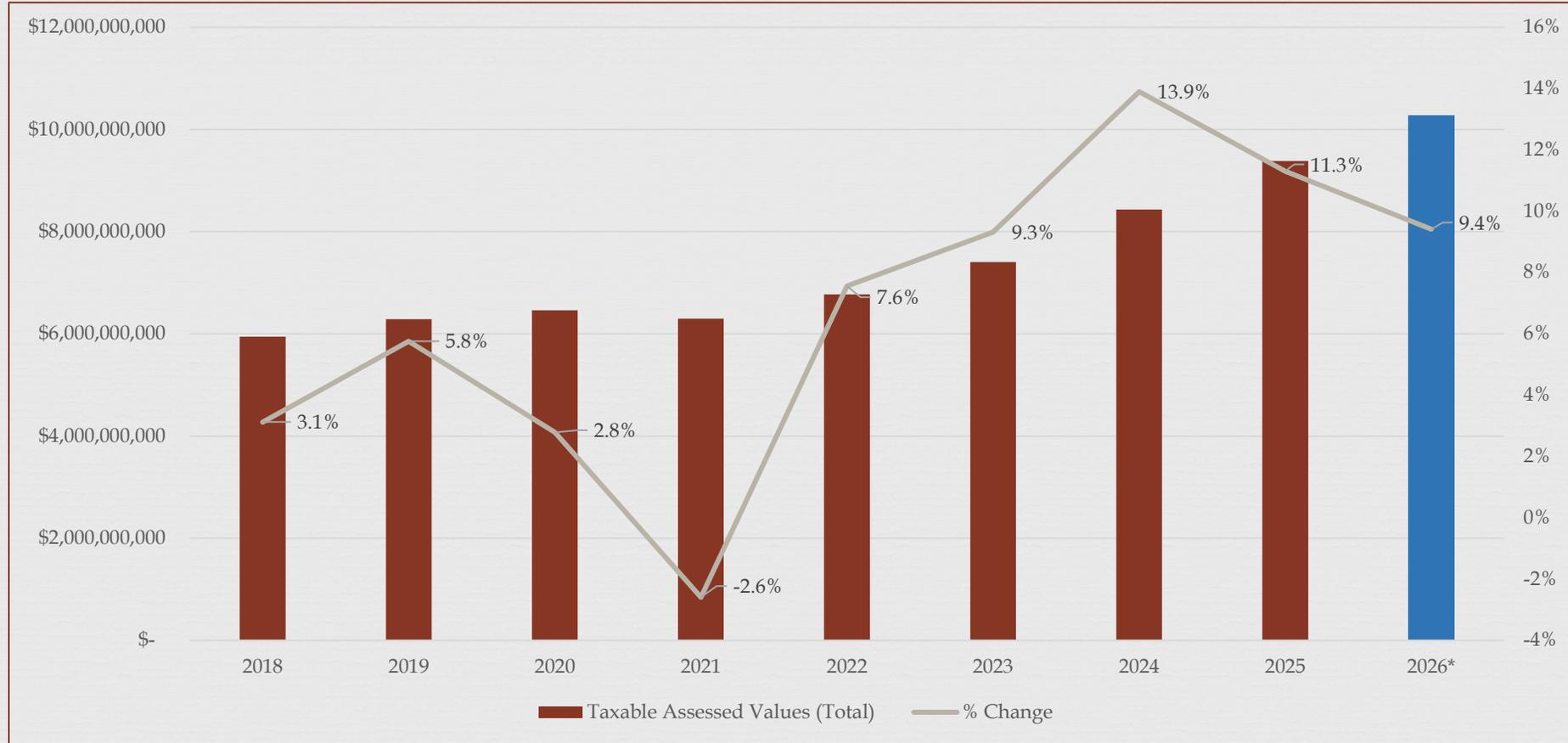
Dallas	\$ 0.704700
Mesquite	\$ 0.690000
Garland	\$ 0.689746
Addison**	\$ 0.609822
Irving	\$ 0.589100
Farmers Branch	\$ 0.543500
Richardson**	\$ 0.542180
Carrollton	\$ 0.538750
Frisco**	\$ 0.425517
Southlake**	\$ 0.305000
University Park**	\$ 0.229964
Highland Park	\$ 0.208550



**Denotes a Comparison Municipality

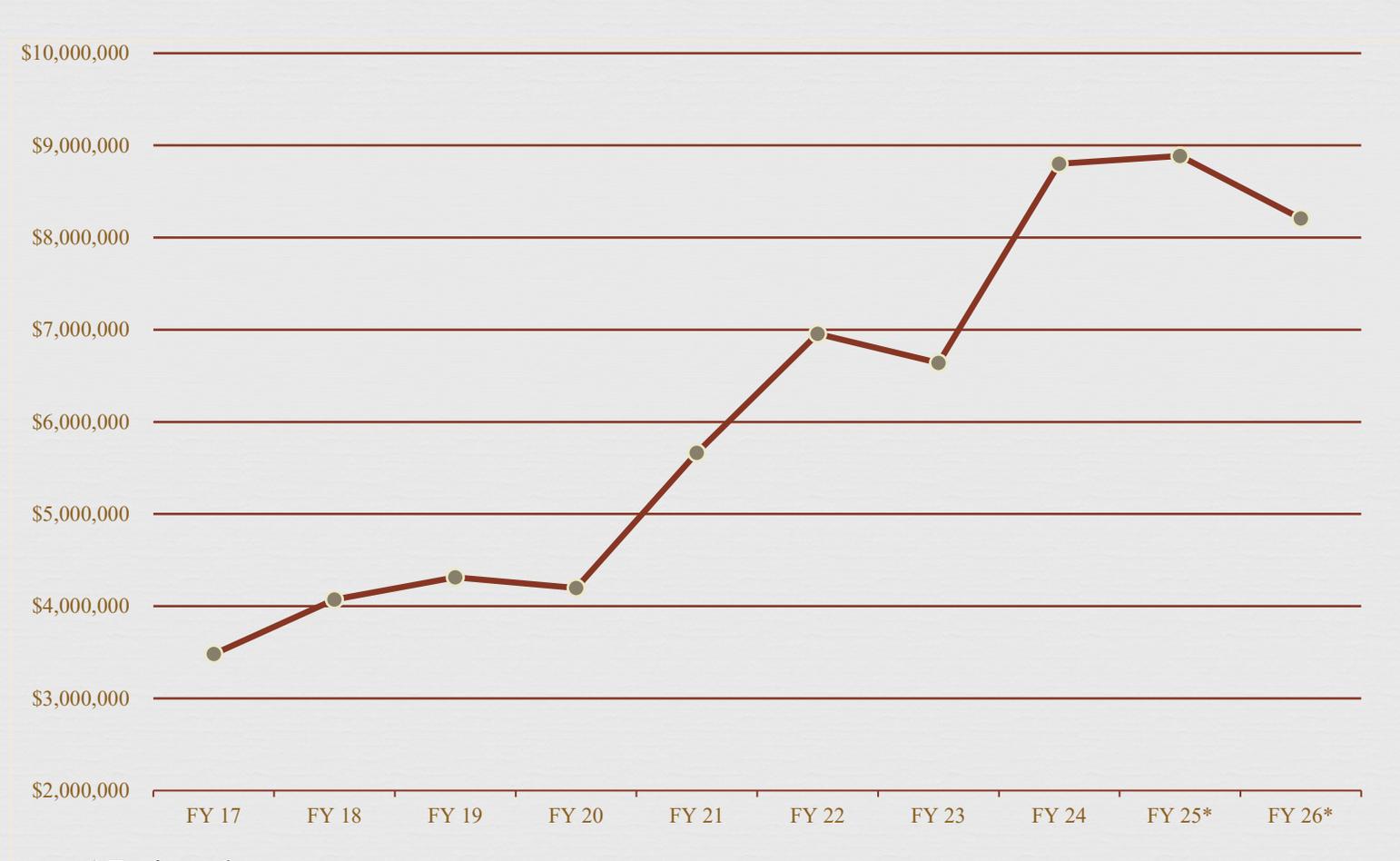
*Dallas County includes the County, College District, and the Hospital District

Certified Total Taxable Assessed Value History



* Tax Year 2025 (FY26) Projected

Sales Tax Revenue History



* Projected

3-YR CAGR**	2022-2025	8.510%
5-YR CAGR**	2020-2025	16.179%
10-YR CAGR**	2015-2025	9.719%

** Net Payment, includes audit adjustments and prior period collections

Capital Improvement Plan



2026-2028

Capital Improvement Plan – General Capital Improvements

Project	2025-26	2026-27	2027-28
Park Renovation/Rehabilitation Program	\$ 267,813	\$ 276,383	\$ 285,227
Street Light Program	\$ 164,866	\$ 170,142	\$ 175,587
Sidewalk Rehabilitation Program	\$ 213,005	\$ 219,821	\$ 226,855
Street Resurfacing & Miscellaneous Concrete	\$ 1,255,599	\$ 1,295,778	\$ 1,337,243
Bridge Rehabilitation (Mockingbird and Beverly)	\$ 500,000		
Eastern Avenue Reconstruction - Westside Dr to Mockingbird Ln	\$ 2,314,890		
Douglas Avenue Reconstruction - South Town Limits to Arcady	\$ 1,836,826		
Westside Drive Reconstruction - Lemmon to Bordeaux		\$ 1,337,122	
Hillcrest Avenue Reconstruction - Princeton to Drexel		\$ 1,464,467	
Preston Road/Armstrong/Lakeside Drive Intersection Reconstruction		\$ 848,966	\$ 5,953,377
Lomo Alto Drive Reconstruction - Lemmon to Westway			\$ 1,796,837

Capital Improvement Plan – Stormwater Improvements

Project	2025-26	2026-27	2027-28
Master Plan & Improvements for Hackberry Creek	\$ 3,000,000		\$ 2,100,000
Drainage Easement Projects	\$ 250,000	\$ 1,200,000	\$ 250,000
Exall & Connor Lakes Dredging	\$ 1,000,000	\$ 1,000,000	
Eastern Avenue Reconstruction - Westside Dr to Mockingbird Ln	\$ 520,200		
Douglas Avenue Reconstruction - South Town Limits to Arcady	\$ 85,313		
Westside Drive Reconstruction - Lemmon to Bordeaux		\$ 1,485,691	
Hillcrest Avenue Reconstruction - Princeton to Drexel		\$ 42,448	
Lomo Alto Drive Reconstruction - Lemmon to Westway			\$ 1,780,601

Capital Improvement Plan – Utility Fund Improvements

Project	2025-26	2026-27	2027-28
Water & Sanitary Sewer Infrastructure Replace./Rehab.	\$ 350,000	\$ 2,740,483	\$ 350,000
30" Interceptor - Wycliffe to Armstrong		\$ 1,731,891	
Eastern Avenue Reconstruction - Westside Dr to Mockingbird Ln	\$ 567,018		
Douglas Avenue Reconstruction - South Town Limits to Arcady	\$ 281,948		
Westside Drive Reconstruction - Lemmon to Bordeaux		\$ 397,953	
Hillcrest Avenue Reconstruction - Princeton to Drexel		\$ 403,259	
Lomo Alto Drive Reconstruction - Lemmon to Westway			\$ 654,871