



Staff Report

AGENDA ITEM REPORT

DATE: August 11, 2025

SUBMITTED BY: Brittni Nanson, Finance

ITEM TYPE: Budget

AGENDA SECTION: CONSIDERATION OF AND ACTION ON

SUBJECT: Review and Discuss the City of El Campo's Proposed Budget, the Current Property Tax Rate, the No New Revenue Rate, the Voter Approved Rate, and the Proposed Tax Rate for Fiscal Year 2026, and Take Action as Necessary to Direct Staff

BACKGROUND: This agenda item will provide the City Council an opportunity to discuss the proposed budget and the 2025 tax rate for FY26.

No-New-Revenue Rate: \$0.49144
Vote-Approval Tax Rate: \$0.58643

In support of adopting the no-new-revenue tax rate, the Finance and Administration Department has reviewed the budget and recommends the following targeted adjustments to ensure balanced funding across key areas:

1. Sales Tax Revenue

Projected sales tax revenue has been increased marginally—by less than 3%—from our conservative year-end estimate. This adjustment assumes that sales activity has stabilized and is not expected to decline further.

2. Water and Sewer Fees

Revenue from water and sewer services has been increased by a total of \$57,600, reflecting the recently adopted fee increases of \$0.50 for water and \$0.50 for sewer.

3. General Administrative Transfer

The transfer from the Utility Fund to the General Fund for shared administrative services (finance, payroll, HR, etc.) has been increased by \$37,000 to reflect actual costs.

Note: This increase is also reflected on the Utility Fund side to ensure alignment.

4. Utility Fund Franchise Fee

In accordance with City policy, the franchise fee charged by the Utility Fund to

the General Fund has been updated to reflect 5% of utility revenues, resulting in an increase of \$57,150.

Note: This increase is also reflected within the Utility Fund budget.

5. Permitting Revenue

Permitting revenue has been increased by \$127,000 to account for a large upcoming permit associated with ISD facility improvements. This includes both the permit fee and plan review components.

Summary of Utility Fund Support to General Fund:

To support the proposed adjustments to the General Fund, a total of \$94,150 will be transferred from the Utility Fund, as follows:

\$37,000 from the general administrative transfer

\$57,150 from the updated franchise fee

After accounting for increased fee revenues, the remaining \$36,500 needed will be drawn from the main replacement line item. This is a calculated decision, as the City is planning to manage multiple sewer replacement projects in 2026 and will retain over \$145,000 in that fund to address any unplanned infrastructure issues that may arise.

Financial Impact: To be determined.

SUGGESTED ACTION:

ATTACHMENTS:

[2025 City of El Campo Worksheets.pdf](#)