TOWN OF FAIRVIEW, TEXAS

Agenda

Town Council Budget Work Session

August 18, 2025	4:00 PM	Town Hall Council Chambers 372 Town Place Fairview, Texas

1. **Call to Order**
2. **Discussion Items**
   a. Consider and discuss the amended FY 24-25 budget and the proposed FY 25-26 budget including budget priorities, revenues, expenditures, rates, staffing, capital planning, long-range planning, and any related items
3. **Adjourn**

I, Joshua Stevenson, Town Secretary, hereby certify that this notice was posted in accordance with Texas Government Code, Chapter 551, on or before the 15th day of August 2025 at 4:00 p.m.

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Joshua Stevenson, Town Secretary

NOTICE OF ASSISTANCE AT THE PUBLIC MEETINGS:
The Town of Fairview Council Chambers is wheelchair accessible. Access to the building and special parking is available at the primary southwest and northwest entrance into the Town Hall parking lot. Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, or large print, are requested to contact the Town Secretary's office at least 48-hours prior to the meeting. Please e-mail your request to townsecretary@fairviewtexas.org or call at 972-886-4234. BRAILLE IS NOT AVAILABLE.

Memorandum
August 15, 2025

TO: Mayor and Councilmembers

FROM: Julie Couch, Town Manager

SUBJECT: **Discussion of FY 25-26 Budget**

BACKGROUND: at the budget work session there were a number of items which the Council indicated you wanted staff to review and consider. Those topics are listed below:

1. There was strong interest in reviewing methods to provide sufficient funds to provide market adjustments for our staff.

2. There was interest in evaluating options to our significant increase in health insurance for employees including helping offset some of the cost to our employees.

3. There was no interest in pursuing the larger screen in the Council chambers but there was some interest in looking at options for improved access for video options.

4. There was discussion regarding the capital budget related to debt issuance for Latham Drive.

5. Other capital or one-time projects that are awaiting final estimates including Phase 2 of Fairview Parkway, cost of the consultant for the ERP software process, the cost of remodeling the police facilities, and the cost of hardening our public spaces on the first floor.

STATUS: Following is a breakdown of the response to these topics and staff recommendations for changes:

1. Consider methods for increasing funds for market adjustments for staff. Our goal was to provide a 6% market increase for public safety, a 4% market increase for public works, and a 2.5% market increase for other employees. Our task was to evaluate how those funds might be identified. There was discussion regarding possible use of reserve funds for those purposes. The preferred method of providing salary adjustments is to first consider if there may be sustainable means to achieve that goal. That is where we started. One area that was identified was to review how we identify appropriate transfers from other operating funds to the General Fund to compensate for administrative expenses provided by the General Fund. The funds that are considered operating funds in addition to the General Fund are the Utility Fund, the Solid Waste Fund, the Drainage Fund, the EDC Fund and the CDC Fund. Each of those funds had transfers to the General Fund included in the budget. Those transfer levels were established over time. As has been discussed, we plan to undertake a utility rate review this next year and a review of our transfers would be a part of that process. However, given our need to consider an alternate source of funds for this budget, staff proceeded with an internal review. In reviewing those contributions, it is recommended that we consider increasing the transfers from most of the funds and reduce them from one fund. Next year, we will include the analysis by our rate consultant to determine if any changes to this process would be recommended.

The methodology used was to first determine the percentage of each operating budget to the total of all operating funds. That provided a percentage to apply to the costs that were to be allocated to each fund. The appropriate allocation of costs from administration, accounting, property and liability insurance and building maintenance were then applied to each of the funds. Below is a breakdown of the current and recommended transfers to the General Fund.

Funds	Fund Budget less Transfers	% of Total		Proposed GF Transfer		Current GF Transfer		Difference
General Fund	$13,223,724							
Utility Fund	$9,803,564	36.88%		$817,531		$740,000		$77,531
Solid Waste Fund	$1,033,965	3.89%		$59,807		$38,000		$21,807
Drainage Fund	$299,373	1.13%		$24,965		$37,600		-$12,635
EDC Fund	$1,098,000	4.13%		$69,172		$20,000		$49,172
CDC Fund	$1,123,100	4.23%		$70,754		$10,000		$60,754
Total Funds	$26,581,726			$1,042,229		$845,600		$221,764

These additional funds are recommended to address a number of the issues identified above.

2. Evaluate options to our significant increase in health insurance for employees. As was discussed, our goal was to work with our benefits consultant to identify options to reduce the cost for the Town and for the employees. Attached is a memorandum from Whitney Casey, our HR Manager, outlining the steps that have been taken and the results of those actions.

3. Consider options for improved citizen access to video of Council meetings. The Council did not show interest in considering the expansion of the screen in the Council Chambers. There was discussion regarding the use of a system that would allow two cameras to be activated during a Council meeting. Staff is in the process of obtaining estimates from Swagit, the service that many cities use for this function. We are also getting estimates that would maintain the current camera set up but would allow the meeting video to be uploaded to the website for access, and would tie the agenda to the video so that a citizen could watch the items that they are specifically interested in. The funds are still in the IT fund for the screen addition and they could be repurposed if one of these options is approved.

4. The capital budget related to debt issuance for Latham Drive. The estimated cost of Latham improvements is $1,000,000. The method of financing this project for FY25-26 was discussed. We have discussed the options with our Financial Advisor and she will be in attendance at the September Council meeting to discuss those options.

5. Other capital or one-time projects that are awaiting final estimates including Phase 2 of Fairview Parkway, cost of the consultant for the ERP software process, the cost of remodeling the police facilities, and the cost of hardening our public spaces on the first floor. Staff is awaiting a meeting with the County to discuss the proposal to fund Phase 2 of Fairview Parkway. Funding for that project would be determined in the early fall.

Staff has requested quotes for the ERP software process. There are unallocated funds in the Capital Projects fund that could be used for this project.

We plan to bring a proposal to the Council at the September meeting to approve a contract for the planning of the police project. Funding for the consultant planning program is included in the Capital Projects fund. A copy of the capital plan for next year is attached.

Staff is still in the process of gathering information on the cost of hardening our first floor facilities.

Recommendation

We would recommend that the excess funds of $221,764 to the General Fund be allocated as discussed below. We do need to review the adjustments to the EDC and CDC budgets with the Board and we plan to do that next week. The majority of the funds are proposed to be used for market adjustments. The last item is to increase the transfer from the General fund to the IT fund by $45,000. We were only able to budget a transfer of $50,000, however, the General Fund allocation for the IT budget should be $125,000. This funding will get us to $95,000:

Additional Pay Adjustments	Estimated Cost
Public Safety, a total of 6% market adjustment -	$160,000
Funds to address Executive team alignment with Department adjustments -	$15,000
Total Pay Adjustments	$175,000
Increase Transfer from General Fund to IT Fund	$45,000
Total Additional GF Expenditures	$220,000

Utility Fund

Public Works, a total of 4% market adjustment -	$17,000

We will be ready to review this information at the meeting on Monday.

Memorandum
August 18, 2025

TO: Mayor and Councilmembers

FROM: Julie Couch, Town Manager

SUBJECT: **Employee Benefits Renewal**

As a follow-up to our last budget session, it is clear that the Town Council is committed to recognizing and retaining dedicated, high performing employees. As discussed, this requires being able to offer competitive overall salaries and benefits package.

The Town is committed to providing a comprehensive benefits package that supports the health and well-being of our employees and their families. We understand that quality benefits are central to employee satisfaction, engagement and retention. As healthcare costs continue to rise, we strive to absorb as much of these increases as possible while still maintaining strong plan options. Our goal is to offer plans that balance affordability, access to care and long-term sustainability.

The Town made significant progress toward improving benefits affordability during the previous renewal cycle, reducing the average employee contribution for dependent medical coverage by 9%, even with a 6% overall premium increase.

This year, we continue to focus on making dependent coverage more affordable while still maintaining two medical plans with a $0 premium for the Employee Only tier. Despite a 17.6% renewal increase, strategic plan design changes and adjustments to employer contributions allow us to offer a plan that provides dependent coverage with monthly savings of more than $400 compared to our current lowest-cost dependent coverage option.

In addition, the Town's overall premium contribution percentage has increased from 68.63% to 77.41%, further reflecting our commitment to sharing in the cost of coverage despite rising healthcare expenses.

Employee Benefits Overview
The Town provides medical, dental, vision, long-term disability, and life insurance benefits to all full-time employees. These benefits renew annually on October 1.

Currently, the Town offers four medical plan options offered at multiple coverage tier levels: Employee, Employee + Spouse, Employee + Children, and Employee + Family.

Medical Insurance

Current Plans
- HSA-eligible plan: $4,000 individual deductible
- PPO copay plan: $5,000 individual deductible, 70% coinsurance
- PPO copay plan: $1,500 individual deductible, 80% coinsurance
- PPO copay plan: $750 individual deductible, 90% coinsurance

Two of these plans offer $0 premium for the Employee Only tier. For the others, employee-only coverage costs $25–$120 monthly. The Town contributes toward dependent coverage, with the remainder paid by the employee. Currently, the PPO copay plan with a $5,000 deductible is the most cost-effective family plan at $683 per month.

Claims Experience & Renewal Impact
For the current plan year, our medical loss ratio is 140% and dental loss ratio is over 100%, creating challenges during renewal negotiations. The initial renewal proposal from Blue Cross Blue Shield reflected a 27.1% increase**.** With assistance from our benefits consultant, McGriff, we negotiated this down to 17.6%. Due to the high loss ratio, the Town did not seek bids from other carriers, as similar or higher rates were expected.

Plan Changes Effective October 1, 2025
To help control costs, particularly for dependent coverage, the Town restructured medical offerings. The new plans are:

- HSA-eligible plan: $4,000 individual deductible
- HSA-eligible plan: $6,650 individual deductible (Blue Premier Network – limited to local counties)
- PPO copay plan: $5,250 individual deductible, 70% coinsurance
- PPO copay plan: $1,000 individual deductible, 80% coinsurance

While these plans improve affordability for the Town and for the employee as compared to our initial rate proposals, the costs are increasing by approximately 12%.

The new $6,650 HSA plan has a significantly lower premium, making dependent coverage more affordable. For example, the Employee + Family tier costs $280 per month.

Dental Insurance

The Town offers two dental plans:

- Base Plan: $1,500 annual benefit per member
- Buy-Up Plan: $3,000 annual benefit per member

Both plans received a 17.6% premium increase due to high loss ratios. Employer contribution percentages remain unchanged.

Base Plan Monthly Employee Costs

- Employee Only: $0 → remains $0
- Employee + Family: $60.75 → $71.38

Buy-Up Plan Monthly Employee Costs

- Employee Only: $15.80 → $18.56
- Employee + Family: $113.63 → $133.50

Vision, Long-Term Disability, and Life Insurance

Premiums for vision, long-term disability, and life insurance remain unchanged for this renewal year, as these plans are under a rate guarantee.

Note: Premiums shown for *Employee Only* and *Employee + Family* tiers are examples. The Town also offers *Employee + Spouse* and *Employee + Children* tiers, with costs varying by plan.

5 Year CIP with Funding

	Planning status	Estimated total cost		Funding Amts		Funding sources	Funded	Not Funded
Roads								
Hart Road	No time line							
Right of way		**TBD**				**TBD**		
Other construction costs		**TBD**				**TBD**		
Fairview Parkway	24-25							
Right of way - completed	Completed	$2,335,000		$1,150,000		County - right of way		
				$757,260		Existing Town right of way bond funds		
				$427,740		Additional Town ROW funds		
				$2,335,000				
Construction of 2 lanes and full bridge	Under Construction	$12,442,427		$7,978,000		County grant		
				$1,719,103		Town - american Rescue funds		
				$2,745,324		Developer		
				$12,442,427				
Phase 2 - Construction of additional 2 lanes	Planned							
Engineering		$52,000		$357,000		County Grant at 50%		
Testing		$12,000		$357,000		Town Share - from land sale on 83 acres		
Construction		$650,000						
Total		$714,000		$714,000				

5 Year CIP with Funding

Signal at Fairview Parkway and FV Crossing							
Engineering		$20,000		$210,000	County Grant at 50%		
Construction		$400,000		$210,000	Town Share - from land sale on 83 acres		
Total		$420,000		$420,000			
Total of Phase 2		**$1,134,000**		**$567,000**	County Grant at 50%		
				$567,000	Town Share - from land sale on 83 acres		
				$1,134,000			
Latham Drive		950,000		$950,000	tax notes		
Total		**$16,861,427**		**$16,861,427**			
Concrete Street Repair	**Annual construction**	**TBD**			**TBD**		
Parks and Trails							
Park planning	24-25	$150,000		$150,000	park funds, CCD funds		
Town share in landscaping on Stacy Road medians (or other use)	**TBD**	$200,000		$200,000	capital funds reserve		
Phase 1 Park Plan implementation 1- 5 years	**TBD**	$1,500,000			**TBD**		

5 Year CIP with Funding

Total		**$1,850,000**		**$350,000**				
Sewer								
regional lift station	26-27	$2,600,000		$2,600,000		Future TIF reserves or utility reserves		
Water								
AMI smart meter system	24-25	$2,412,981		$1,400,000		utility construction fund		
	25-26			$1,012,981		Water reserves		
				$2,412,981				
Water Line Replacement	**TBD**	$950,000				**TBD**		
Fire Hydrant install	**TBD**	$300,000				**TBD**		
Total		**$3,662,981**		**$2,412,981**				
Facilities								
Planning for PD expansion	24-25	$50,000				**TBD**		
construction of PD expansion	25-26	**TBD**				**TBD**		
Equipment								

5 Year CIP with Funding

Engine delivery July 25	24-25	$1,100,000		$1,100,000		Short Term notes		
Ambulance delivery June 25	24-25	$525,000		$525,000		Short term notes		
Grand total		**$26,649,408**		**$23,849,408**				

Capital Projects Worksheet

			1	2	4	5	6	7	8	
Assumed annual inflation rate (compounding from the previous year's cost)	**5%**									
	Year	**Present Value**	**Fiscal Year 2021-2022**	**Fiscal Year 2022-2023**	**Funding / Notes**					**Total**
IT - TECHNOLOGY PURCHASES										
Camera upgrades	1	$ 100,000	$ 100,000		Funding: American Rescue Program funds					$ 100,000
IT upgrades	1	$ 70,000	$ 70,000		Funding: American Rescue Program funds					$ 70,000
			$ 170,000							**$ 170,000**
PW - PUBLIC WORKS CAPITAL EQUIPMENT										
PW Facility Remodel	1	$ 600,000	$ 600,000		Funding: Capital Fund reserves - $200k / AR Funds - $100k / General Fund Reserves - $200k					$ 600,000
			$ 600,000							**$ 600,000**
ST - STREET CAPITAL PROJECTS - FRISCO RD										
Frisco Rd Engineering	1	$ 330,500	$ 330,500		Funding: Street Impact Fees - $123,500 / County $207k					$ 330,500
Frisco Rd Street & Drainage Construction	2	$ 4,076,000	$ 2,038,000	$ 2,038,000	Funding: EDA $3M / Street Impact Fees $1,076,000					$ 4,076,000
Frisco Rd Landscaping, Medians & Sidewalks	2	$ 396,000		$ 396,000	Funding: AR Funds for General Government Revenue Loss					$ 396,000
Frisco Rd WaterLine	2	$ 528,000		$ 528,000	Funding: Water Impact Fees					$ 528,000
			$ 2,368,500	**$ 2,962,000**						**$ 5,330,500**
ST - STREET CAPITAL PROJECTS - HART RD										
Hart Rd ROW	1	$ 100,000	$ 100,000		Funding: General Fund Reserves					$100,000
Hart Rd Engineering	1	$ 300,000	$ 300,000		Funding: General Fund Reserves					$300,000
Hart Rd Trail Construction		TBD			TBD					$0
Hart Rd Road Construction		TBD			TBD					$0
			$ 400,000	**$ -**						**$400,000**
ST - STREET CAPITAL PROJECTS - FAIRVIEW PARKWAY										
Fairview Parkway ROW	2	$ 3,000,000		$ 3,000,000	County ROW					$ 3,000,000
Fairview Parkway Engineering	2	$ 1,300,000		$ 1,300,000	Town ROW					$ 1,300,000
			$ -	**$ 4,300,000**						**$ 4,300,000**
PK - PARKS & TRAILS CAPITAL PROJECTS										
Land acquisition and planning	1	$ 350,000	$ 350,000		Funding: Park Funds-$50k /General Fund Reserves $300k					$ 350,000
Trail - FM-1378	1	$ 100,000	$ 100,000		Funding: Park Grant - $50K / Park Funds $50k					$ 100,000
Medians on Stacy or other project	2	$ 200,000		$ 200,000	Funding: Construction Fund Reserves					$ 200,000
Trail capital planning		TBD			TBD					$ -
			$ 450,000	**$ 200,000**						**$ 650,000**
SR - SEWER CAPITAL PROJECTS										
Regional Sewer Lift Station	2	$ 2,200,000		$ 2,200,000	Funding: TIF Reserves $1.3M / AR Funds $900K					$ 2,200,000
			$ -	**$ 2,200,000**						**$ 2,200,000**
WA - WATER CAPITAL PROJECTS										
AMI Meter System	2	$ 160,000		$ 160,000	Funding: American Rescue Program funds					$ 160,000
			$ -	**$ 160,000**						**$ 160,000**
DR - DRAINAGE CAPITAL PROJECTS										
Fox Glen Drainage Study	TBD	TBD			TBD					$ -
Farmstead Drainage	1	$ 50,000	$ 50,000		Funding: Drainage Reserve Funds					$ 50,000
Blue Bird Drainage Project	TBD	TBD			TBD					$ -
			$ 50,000	**$ -**						**$ 50,000**
			$ 4,038,500	$ 9,822,000						$ 13,860,500