FY 2026-27 ICM PROPOSED BUDGET BRIEFING

City Council Follow-Up Questions and Responses

The following provides responses to follow-up questions raised by members of the Kyle City Council regarding the FY 2026-27 Interim City Manager (ICM) Proposed Budget. Supporting schedules and analyses referenced below are provided as attachments to this briefing.

QUESTION 1

Requestor: Council Member Claudia Zapata

Date Requested: August 5, 2026

Council Question

How much of the FY 2025-26 cost containment measures carry forward into the FY 2026-27 Proposed Budget? What is that dollar amount? Is that the $11.91 million shown in the presentation?

Staff Response

The FY 2026-27 base budget incorporates cost containment measures identified for FY 2025-26, together with additional cost containment measures identified specifically for FY 2026-27.

Please refer to Attachments #1A & #1B, which shows the itemized cost containment items for FY 2025-26 and FY 2026-27, with the detailed amounts and components.

QUESTION 2

Requestor: Council Member Claudia Zapata

Date Requested: August 5, 2026

Council Question

What is the total FY 2026-27 cost, including fringe benefits, of the compensation increases associated with the current Meet and Confer Agreement? Please include the number of FTEs affected, separated by filled, vacant, and new positions where applicable.

Staff Response

The current Meet & Confer Agreement includes two compensation components that impact base wages. For FY 2026-27, $343,00.000 has been budgeted for annual step increases for eligible sworn officers, effective on each officer's respective anniversary date.

An additional $16,010.00 has been budgeted for the 2% increase for all Corporal positions, effective October 1, 2026, based on 10- peer city market comparison.

Both amounts, for the step increases and the market adjustments, include associated fringe benefits.

The City currently has 83 sworn officers. Of those positions, 81 are eligible under the Meet & Confer Agreement; the Police Chief and Assistant Police Chief are not eligible positions under the agreement.

No new positions are recommended in the FY 2026-27 Proposed Budget.

QUESTION 3

Requestor: Council Member Claudia Zapata
Date Requested: August 5, 2026

Council Question

What would the General Fund operating budget be if the Meet and Confer compensation increases were removed?

Staff Response

The ICM Recommended Proposed Budget for FY 2026-27 for the City's General Fund reflects $71,335,817.00 in total expenditures and transfers-out. Removing the funds currently budgeted for Meet & Confer ($359,010.00) would reduce total expenditures and transfers-out to $70,976,807.00.

QUESTION 4

Requestor: Council Member Claudia Zapata
Date Requested: August 5, 2026

Council Question

Under that reduced operating budget, what would the required 25% General Fund reserve be?

Staff Response

By eliminating the Meet & Confer budget for FY 2026-27, the required 25% General Fund reserve requirement would be $17,744,202.00.

QUESTION 5

Requestor: Council Member Claudia Zapata

Date Requested: August 5, 2026

Council Question

How much additional General Fund capacity above the minimum 25% reserve requirement would that create?

Staff Response

By eliminating the Meet & Confer budget for FY 2026-27, the reserve capacity would increase by $448,762.00.

QUESTION 6

Requestor: Council Member Claudia Zapata

Date Requested: August 5, 2026

Council Question

What is the average annual salary of all non-management and non-supervisory employees?

Staff Response

There are 310 filled, non-management/non-supervisory positions with an average hourly salary rate of $33.75, or an annual average salary of $70,200.00. This calculation reflects hourly rates for both sworn and civilian employees. This includes crew leaders and foreperson within the Water Utility, Transportation & Public Works, Parks & Recreation, and Kyle Police Department who may provide onsite work supervision but do not manage employee timesheets or performance appraisals.

QUESTION 7

Requestor: Council Member Claudia Zapata

Date Requested: August 5, 2026

Council Question

How many employees would be eligible for a compensation increase? Please separate by Full-Time, Part-Time, Filled, Vacant, and New positions.

Staff Response

Sworn employees step increases on their work anniversary date and do not receive merit increases through the performance appraisal process, in accordance with the Meet & Confer Agreement.

There are approximately 325 filled civilian positions that may be eligible for a merit increase effective October 1, 2026. Merit eligibility requires employees to have completed at least six months of City service and to be performing successfully in their role, as determined by their supervisor. An additional seven civilian employees have fewer than six months of service and, therefore, would not be eligible for a merit increase at that time.

In contrast, a cost-of-living adjustment (COLA) would apply to all eligible employees, regardless of tenure. As a result, all 413 filled positions would be eligible for a COLA.

Vacant positions are not eligible for compensation increases.

No new positions are included in the ICM's Recommended Proposed Budget for FY 2026-27.

QUESTION 8

Requestor: Council Members Melissa Medina and Claudia Zapata

Date Requested: August 5, 2026

Council Question

What is the approximately $4.X million TxDOT reimbursement referenced previously? Is the funding unrestricted or project-specific, and what restrictions apply?

Staff Response

The $4,850,000.00 amount referenced on page #160 of the proposed budget document represents anticipated reimbursement from TxDOT if the City were to be awarded the Federal Railroad Administration (FRA) grant associated with the Kohler's Crossing Overpass project, which is necessary for the railroad siding project.

This reimbursement amount is contingent upon FRA award.

QUESTION 9

Requestor: Council Member Claudia Zapata

Date Requested: August 5, 2026

Council Question

What are the restrictions associated with the Plum Creek Phase II Special Fee Fund? Are those funds already allocated within the proposed FY 2026-27 Budget?

Staff Response

Plum Creek Phase II Special Fee Fund is to be used and expended by the City ONLY to construct, erect, or install City buildings and facilities on the public parcels within Plum Creek Phase II.

The FY 2026-27 revenue budget for this fund is $50,0000.00.

The FY 2026-27 expenditure budget for this fund is $0.00.

QUESTION 10

Requestor: Council Member Claudia Zapata

Date Requested: August 5, 2026

Council Question

For the Moreno Street Drainage project, where has the previously allocated $600,000 been reappropriated?

Staff Response

None of the $600,000.00 associated with the Moreno Street Drainage project has been spent or encumbered. The FY 2025-26 year-end estimate reflects this amount, and the remaining balance contributes to the FY 2025-26 ending fund balance and, correspondingly, the FY 2026-27 beginning fund balance.

This project is Storm Drainage CIP funded.

The current proposed five-year Capital Improvement Plan (CIP) spending plan does not include future appropriations for planned expenditures for this project until FY 2029-30.

QUESTION 11

Requestor: Council Member Claudia Zapata

Date Requested: August 5, 2026

Council Question

For the CR 158 and Roland Lane projects, how much of the original appropriations remain both unspent and unencumbered?

Staff Response

CR 158 was originally budgeted at $600,000.00. To date, $215,008.80 has been spent and $78,786.61 is currently encumbered, leaving $306,204.59 unspent and unencumbered.

This project is General Fund CIP funded.

Roland Lane was originally budgeted at $500,000.00. To date, $134,280.20 has been spent and $82,997.80 is currently encumbered, leaving $282,722.00 unspent and unencumbered.

This project is General Fund CIP funded.

QUESTION 12

Requestor: Council Member Lauralee Harris

Date Requested: August 1, 2026

Council Question

What is the established fund reserve policy used by other cities?

Staff Response

Please refer to Attachment #3, Peer Cities Benchmark Fund Policy Summary, for a comparison of fund reserve policies among peer municipalities.