



State of the City 2026

TIM DAVIS MAYOR

BRYNN MYERS CITY MANAGER



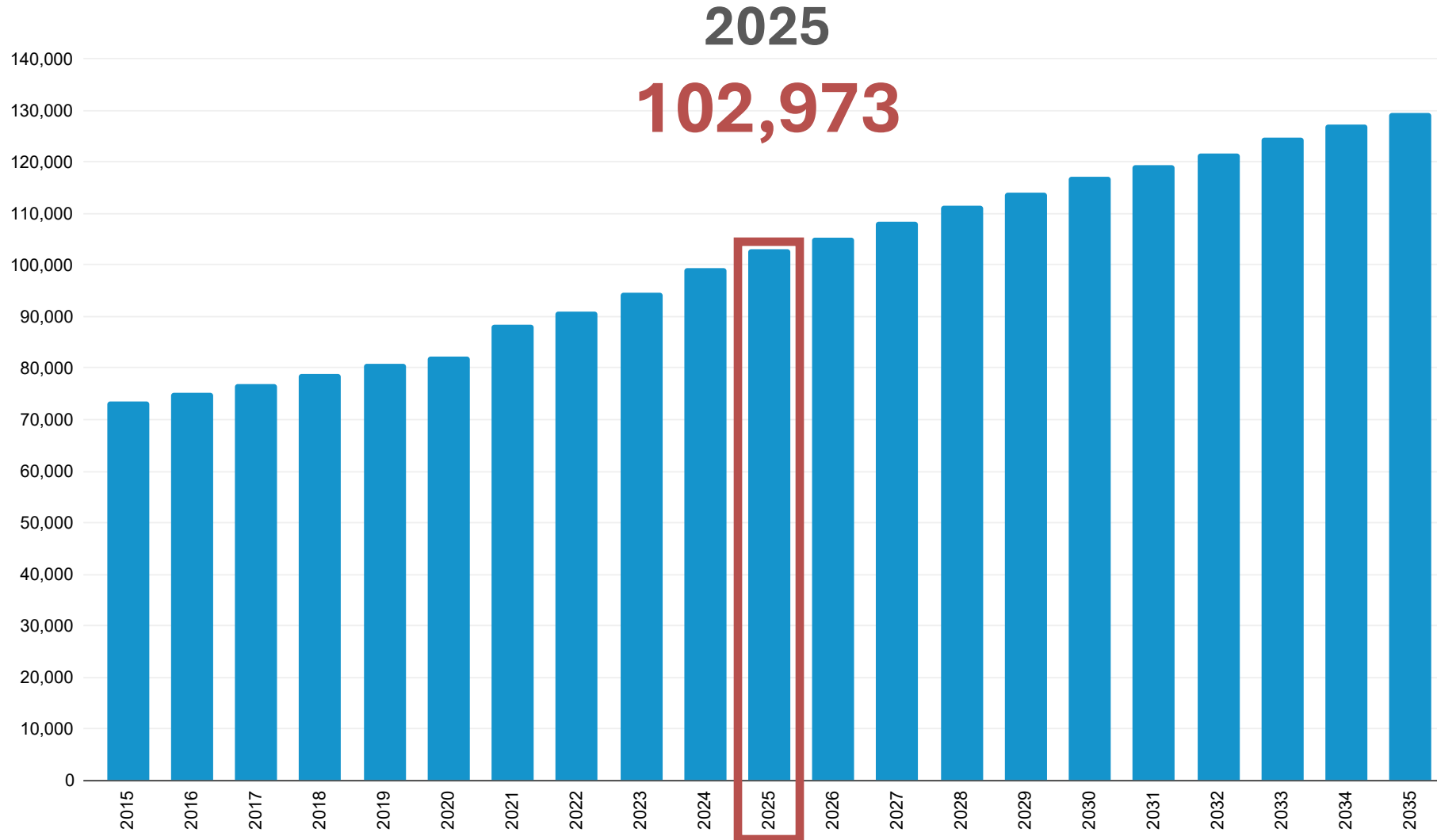
AGENDA

- Budget & Tax Rate
- Water
- Economic Development
- Questions & Discussion



Budget & Tax Rate

POPULATION PROJECTION



Temple ranked among **top 20 fastest growing cities in the nation** according to a 2023 U.S. Census Bureau report

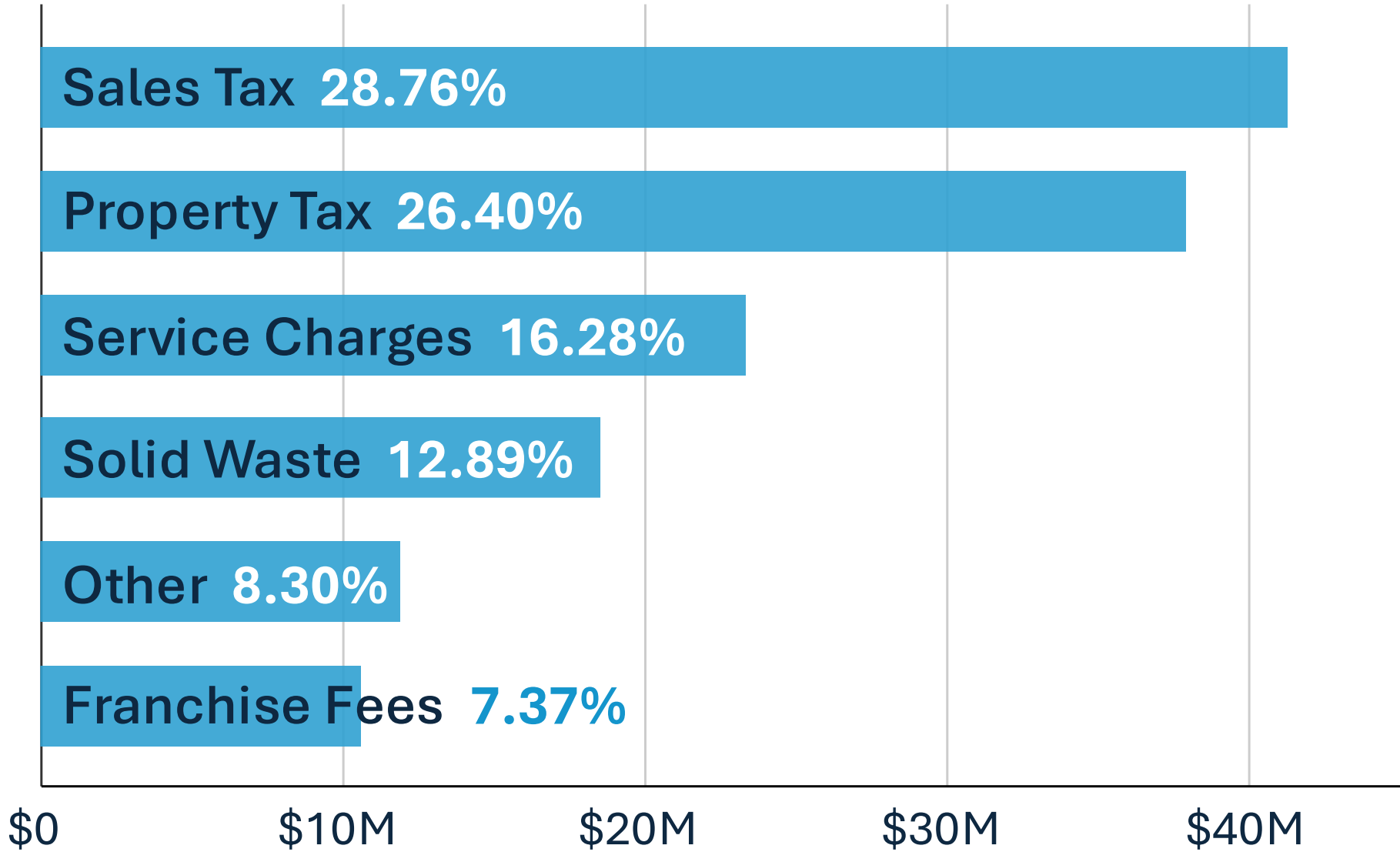
FY 2026 TOTAL FUND EXPENDITURES

Fund	Expenditure	%
General Fund	\$ 147,504,730	44.70%
Water & Wastewater Fund	76,224,385	23.10%
Reinvestment Zone No. 1 Fund	50,728,110	15.38%
Debt Service Fund	34,133,705	10.35%
Health Insurance Fund	10,644,110	3.23%
Hotel/Motel Tax Fund	6,127,461	1.86%
Drainage Fund	3,669,151	1.11%
Federal/State Grant Fund	798,144	0.24%
Temple Revitalization Corporation	95,400	0.03%
Total	\$ 329,925,196	



General Fund

FY 2026 REVENUES



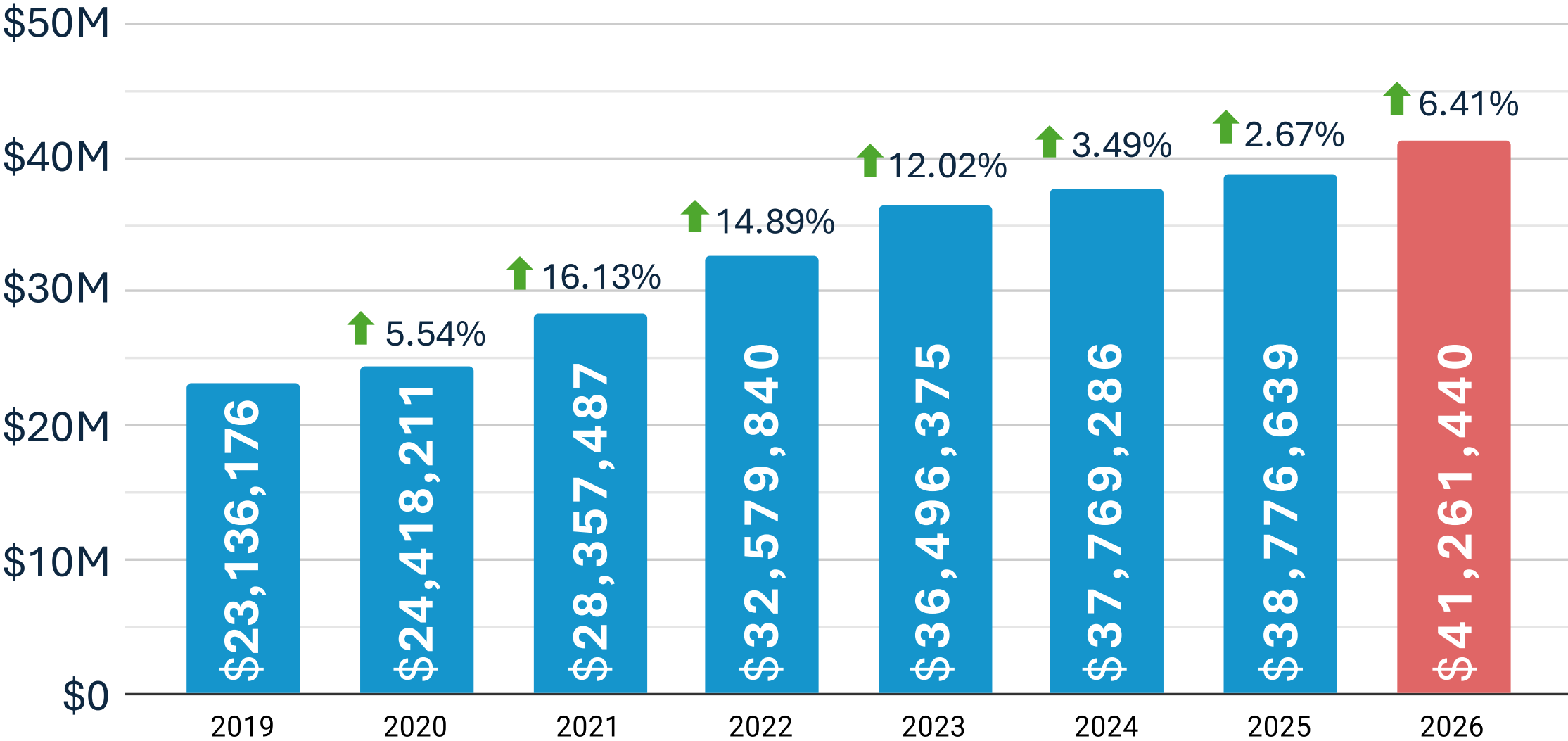
TOTAL REVENUES

\$143,466,080

TOP 3 OTHER

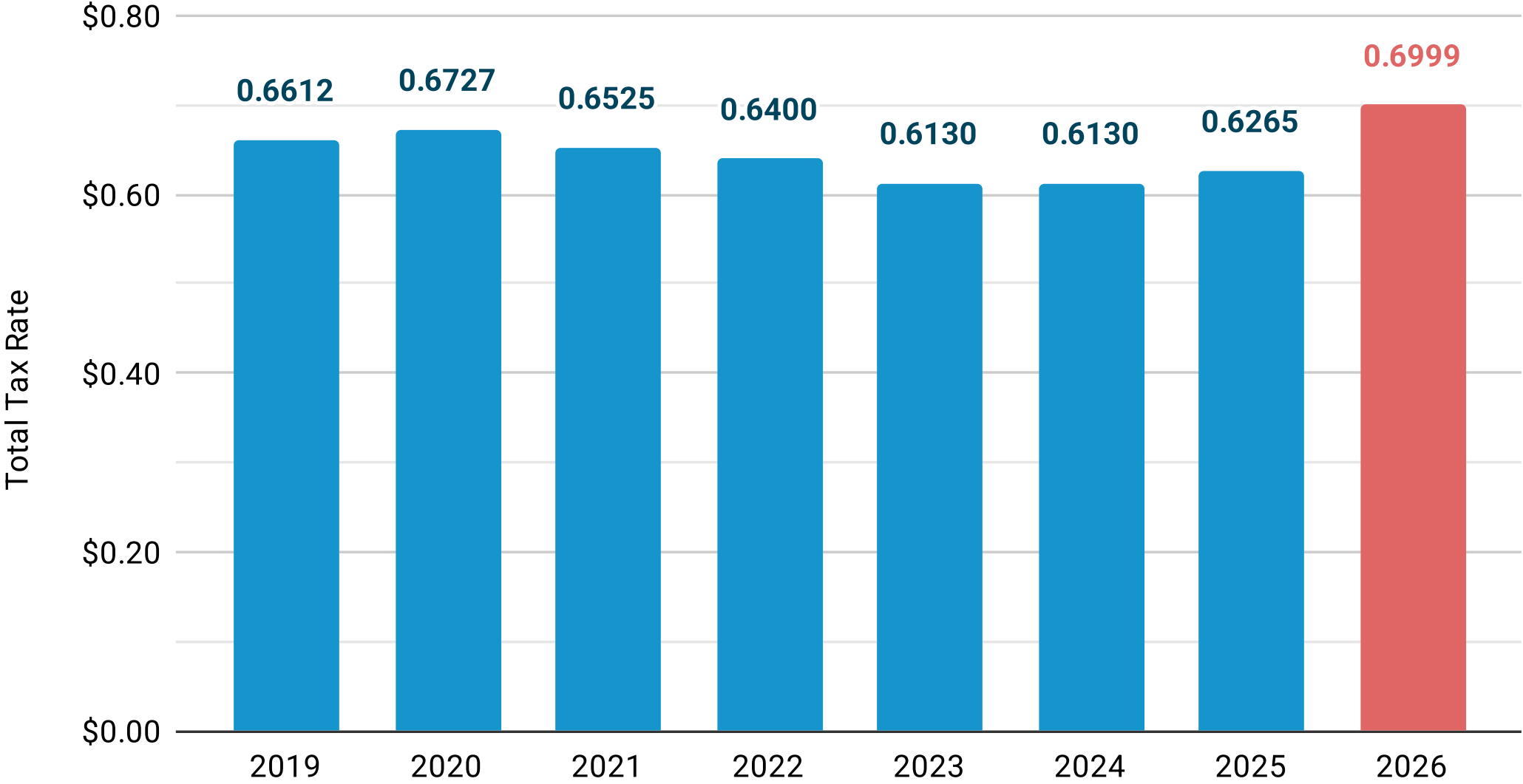
- Waste Management
- Interest Income
- Fines & Fees

HISTORIC ANNUAL SALES TAX



FY 2026 DATA
IS BUDGET

HISTORIC PROPERTY TAX RATES



PEER CITY BENCHMARKS – FY 2025 DATA

City	Population	Square Miles	Total Tax Rate	Avg. Taxable Homestead Value	Net Taxable Value [Excluding TIF Value]	Net Taxable Value Per Capita	FY 2025 Budgeted Sales Tax	Sales Tax Per Capita
Round Rock	136,383	36.200	\$ 0.360000	\$ 376,169	\$ 25,298,237,554	\$ 185,494	\$ 69,348,000	\$ 508
Cedar Park	83,354	25.600	0.363000	461,381	15,100,000,000	181,155	46,155,510	554
Georgetown*	96,312	60.450	0.364690	387,170	18,900,000,000	196,237	30,304,757	315
College Station*	129,714	51.280	0.513086	397,125	14,853,580,635	114,510	41,317,505	319
San Marcos*	67,553	32.000	0.603000	358,737	8,937,878,173	132,309	39,035,250	578
Bryan*	93,590	55.801	0.624000	226,566	9,214,378,212	98,455	31,663,500	338
Temple FY 2025	102,973	78.947	0.626500	208,282	9,228,830,941	89,624	37,854,532	368
Killeen	165,681	56.350	0.657300	220,915	11,065,615,380	66,789	35,551,700	215
Waco	140,545	88.900	0.755000	226,683	15,086,117,483	107,340	56,500,000	402

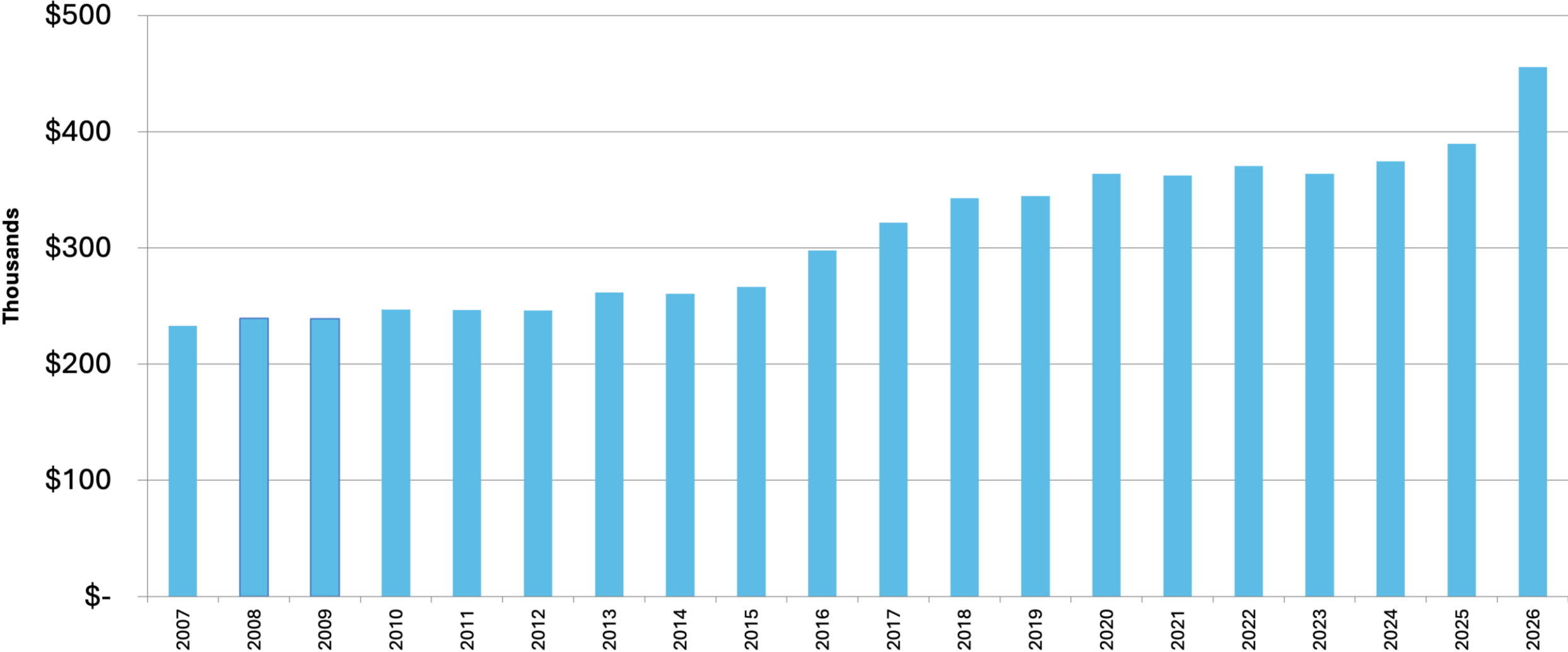
* City-owned electric utilities

AVERAGE TAXABLE HOME VALUE COMPARISON

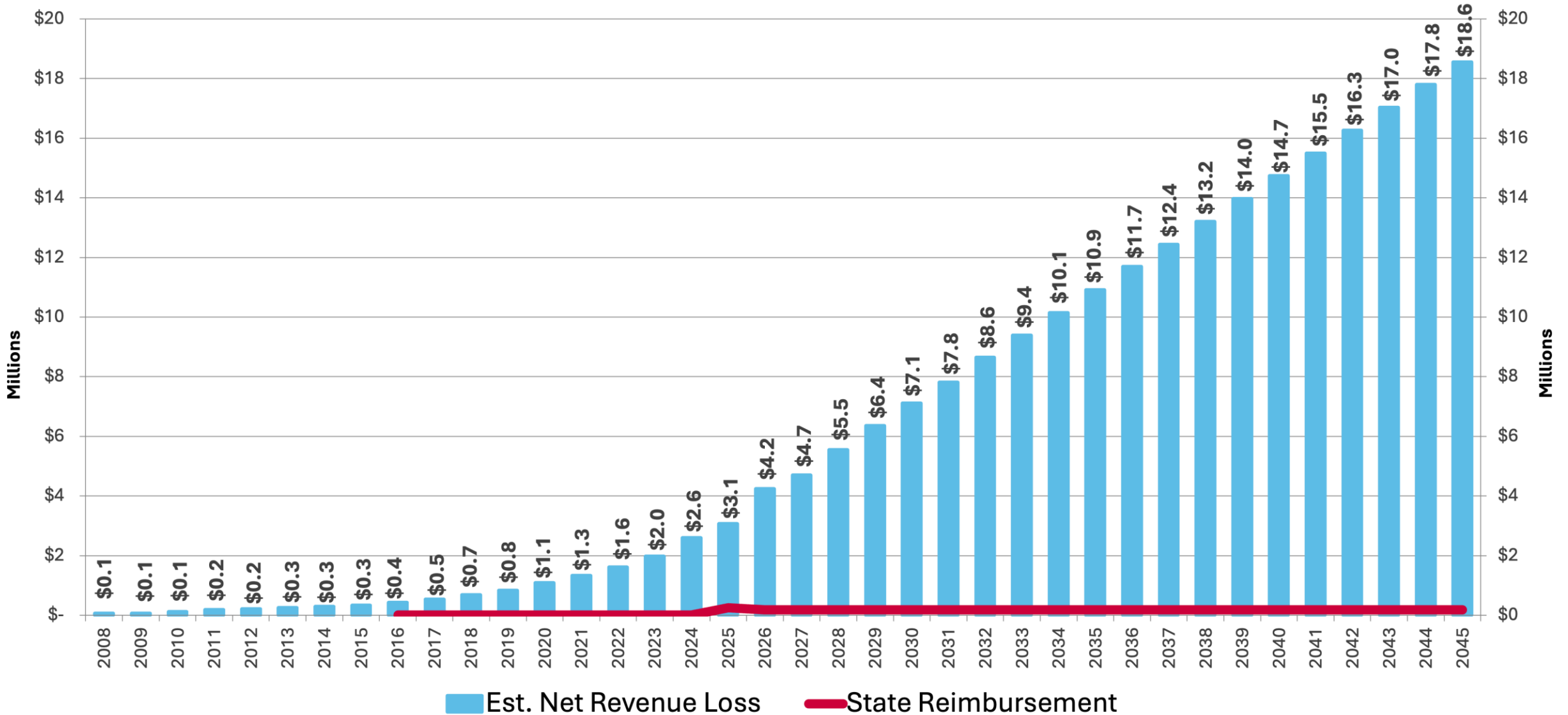
	College Station	Georgetown	Round Rock	Waco	Temple
Average Taxable Value	\$397,125	\$387,170	\$376,169	\$226,683	\$208,282
\$ generated per 1¢ of property tax	\$39.71	\$38.72	\$37.62	\$22.67	\$20.83
Tax Rate Needed for Same Revenue	36.70798	37.65183	38.75295	64.30856	69.99000

LOSS OF REVENUE OVER 65 EXEMPTION

**Total Estimated Loss of Revenue
(Over 65 Exemption & Property Tax Freeze)**



LOSS OF REVENUE DISABLED VETERANS' EXEMPTION PROGRAM



PRIORITY ADDITIONS TO FY 26 BUDGET

FIRE	POLICE	FLEET	SOLID WASTE
10 New Firefighters	4 New Police Officers	11 New Employees	4 New Employees
\$1,267,944	\$401,033	\$1,021,264	\$297,927

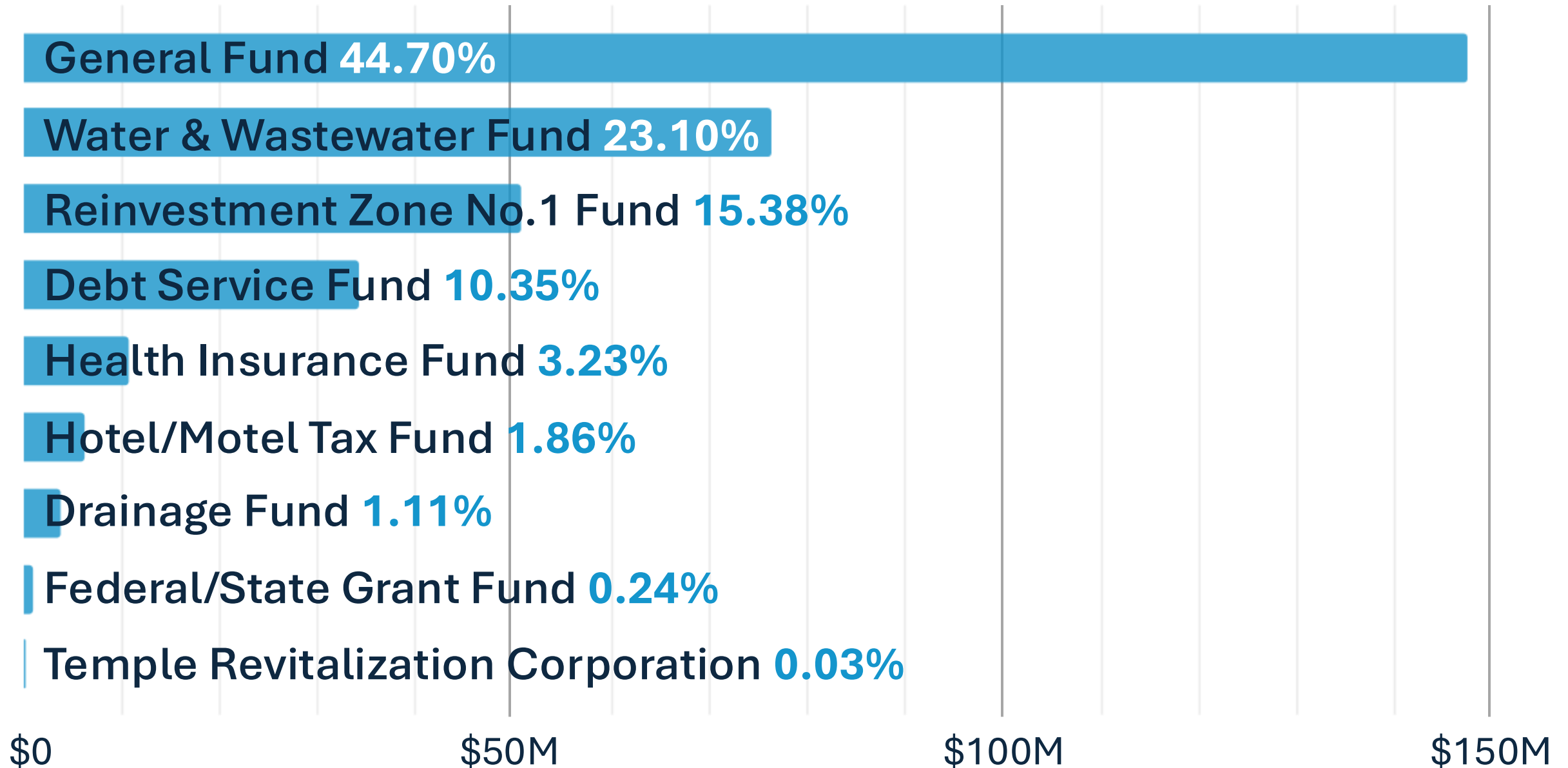
NEW GROWTH REVENUE ALLOCATION

\$3,450,556

New Revenue from Growth

Market Study Adjustments for Civil Service (Fire & Police)	\$2,695,050
Adjustment to Overtime (Fire & Police)	\$1,007,302
Civil Service Step Increases (Fire & Police)	\$159,233
Increase to Firemen's Pension	\$110,000
Additional Paramedic Pay (Fire)	\$43,920
Certification Pay Changes (Fire & Police)	\$63,939

FY 2026 BUDGET TOTAL FUND EXPENDITURES





Hotel/Motel Tax Fund

- Funded by hotel stays and event revenues
- Helps promote tourism and support local hotels
- Also supported by revenue from the Mayborn Civic & Convention Center, Railroad & Heritage Museum, and Tanglefoot Music Festival

AUTHORIZED USES OF FUNDS

- Promote Temple as a visitor destination
- Host events that attract visitors
- Support arts, culture, & heritage programs
- Operate and maintain Mayborn Civic & Convention Center
- Preserve historic sites

Two-Part Test for Hotel/Motel Tax Use

- **Heads in Beds** Every expenditure must generate overnight stays
- **Nine Eligible Categories:**
 1. Convention & visitor centers
 2. Convention registration
 3. City advertising
 4. Promotion of the arts
 5. Historic preservation
 6. Sporting events (*in counties under 1M population*)
 7. Sports facility improvements (*in certain cities*)
 8. Tourist transportation systems
 9. Wayfinding/signage to attractions

Water & Wastewater Fund

- Enterprise fund that supports the City's water and wastewater systems
- Self-sustaining through user fees – no general tax dollars

REVENUE SOURCES

- Monthly water and wastewater service charges
- Connection and reconnection fees
- Penalties and interest earnings

EXPENSES

- Operations and maintenance of treatment facilities
- Repair and replacement of infrastructure
- Personnel, utilities, and equipment
- Capital improvements for capacity and service
- Debt service for system upgrades

Reinvestment Zone Fund

- Special revenue fund for the City's Tax Increment Reinvestment Zones (TIRZ)
- Encourages private investment and redevelopment by reinvesting a portion of property tax growth within the zone

REVENUE SOURCES

- Incremental real property tax revenues from the zone
 - Contributions from seven (7) participating taxing entities
- Interest earnings

EXPENDITURES

- Public infrastructure (streets, utilities, drainage)
- Land acquisition & site preparation
- Economic development incentives & reimbursements
- Administrative costs for zone management



Water

1962 COUNCIL WATER RIGHTS



Water Right/ Contract	Water Available During Severe Drought (acre-feet per Year)	Water Available During Wet Periods (acre-feet per Year)	Date Executed
CF-852/BRA CF-852 Agreement	0 to 12,500 8,418 ¹ (best estimate)	12,500	1962
Permit 2052/BRA Storage Rights Agreement	18,500	20,000 ²	1962
BRA Option Water Contract	9,453	9,453	1992
BRA System Water Contract	2,500	2,500	2005
TOTAL	38,871	44,453	

1 – This amount was calculated using water availability modeling as part of the Brazos-G RWPG process.

2 – BRA could take the position that this number should be limited to 18,500 acre-feet per year or else Temple would be overdrafting its storage right.

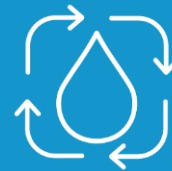
Aquifer Storage & Recovery (ASR)



Increases Water Availability

Store excess treated water underground for use when demand is high or supplies are limited.

Offers a roughly 10% increase to Temple's current water portfolio.



Capitalizes on Existing Resources

Turns water that would otherwise be discharged or not used into a usable future supply.



Improves Long-Term Water Resiliency

Provide a buffer against droughts and future growth by creating a reserve that can be recovered later.



Supports Sustainable Growth

Provides for increased efficiency metrics and offset strategies to sustain rapid growth trends.



Economic Development

Why Communities Invest in Economic Development



State Business Tax Climate Index

1 = Best / 50 = Worst



13

OVERALL
RANK



7

INDIVIDUAL
TAX RANK



46

CORPORATE
TAX RANK



37

SALES TAX
RANK



39

PROPERTY
TAX RANK

DATA CENTERS

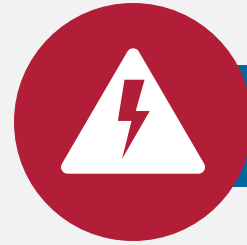


DATA CENTER IMPACT



WATER USE

- New data centers use advanced cooling technology that greatly reduces water demand.
- Temple's newest facility will use a closed-loop system – **only 1.5 million gallons once, recirculating for 10-15 years.**
- This is a major step toward water conservation.



ELECTRIC DEMAND

- Data centers require high, concentrated power use.
- Oncor manages these needs through system-wide upgrades.
- Costs and benefits are shared across the entire service area, guided by state utility policies.

BEFORE CONSTRUCTION

- An acoustical engineer must create a **Noise Mitigation Plan** showing equipment placement, sound barriers, and projected noise levels.
- The **City must approve the plan** before construction begins.

AFTER CONSTRUCTION

- **Noise testing** confirms the facility meets City limits.
- If levels are too high, barriers or equipment **changes must be made before operation.**

IF THERE IS A PROBLEM

- Verified noise complaints must be resolved within 60 days.
- The City may issue citations or arbitration if not fixed.
- All based on a **reasonable person standard.**



Questions?