

**STATE OF TEXAS
COUNTY OF HIDALGO
CITY OF MCALLEN**

The McAllen Board of Commissioners convened in a Workshop on **Tuesday, August 4, 2026**, at 4:00 pm, at Champion Lakes Golf Course, 2701 South Ware Road, McAllen, Texas.

Mayor Javier Villalobos, Mayor Pro Tem Jose R. Pepe Cabeza de Vaca, Commissioner Antonio "Tony" Aguirre, Commissioner Joaquin Zamora, Commissioner Rolando "Rolly" Rios, Commissioner Rodolfo "Rudy" Castillo, and Commissioner Michael Fallek

Staff: City Manager Isaac Tawil, City Attorney Austin Stevenson, Assistant City Manager Jeff Johnston, Deputy City Manager Michelle Rivera, Assistant City Manager Elvira Alonso, Assistant City Manager Juan Olaguibel, Deputy City Secretary Cindy Zuniga, Budget Director Angie Rodriguez, Cesar Rodriguez Director of Strategy Management, Sonia Resendez Finance Director

CALL TO ORDER

Mayor Javier Villalobos called the meeting to order.

1. DISCUSSION OF FY 2026-2027 CITY OF MCALLEN BUDGET.

City Manager Isaac Tawil welcomed everyone and provided a brief overview of the scheduled budget workshop meetings. He then highlighted key elements of the 2025-2026 budget:

- **Property Tax Rate Reduction:** Proposed rate of \$.478989 was presented and mentioned as pending
- **Total Budget:** \$622 million
- **Capital Outlay/Projects:** \$ 245 million vs las year (\$221 million)
- **New Positions:** 7 total new positions (5 General Fund and 2 Enterprise Funds)
- **General Fund Ending Balance:** 110 million
- **Total Ending Balance Across All Funds:** \$ 352 million
- **General Fund Revenue/Expenditures:** \$ 1.6 million
- **Working Capital:** 242 days for the General Fund (Policy requires 140 days)
- **Departmental Funding:** Over \$9 million General Fund Departments, \$22 million requests
- **Sales Tax Collection:** \$ 103 million
- **Sales Tax Allocation to Development Corporation:** \$ 26 million
- **Sales Tax Impact:** Reduces property tax rate by 18.74%
- **Capital Improvement Program (CIP):** Continued to fund a CIP through segregated Sales Tax from Insight and Gas Royalties
- **Street Maintenance** – Continue funding for streets revaing in the amount of \$3.6 Million

City Manager briefly mentioned that he reviewed with Deparment Heads. He mentioned protecting City of McAllen future through disciplined budgeting and briefly touched on:

- Credit Rating (valuable asset that most residents never see)
- The Budget: The City's Annual Report Card
- Intentional Targeted Growth (Financial discipline today creates opportunities for tomorrow)
- Structural Balance
- Credit Ratings Matter

Six Areas Rating Agencies and what they evaluate

- Economic strength
- Financial Performance
- Management
- Debt and Liabilities
- Institutional Framework
- Governance and Risk

It was mentioned that every budget request matters and highlighted the following:

- Essential
- Sustainable
- Improves Efficiency
- Reduces Future Risk

- Lower Cost Alternatives
- Supports City's Strategic Priorities
- Expectations and thinking beyond department / divisions, reasonable, responsible requests

A discussion followed, with Council sharing comments and posing questions, which were addressed by staff.

A brief overview of the proposed FY 2026-2027 budget was presented, covering the following areas:

- General Fund
- General Fund Departments
- Enterprise Fund
- Internal Service Fund
- General Fund Revenues by Source
- General Fund Expenditures by Service Area
- Recommended New Positions (General Fund and Enterprise Fund)
- Departmental Budget Requests
- General Fund Decision Package Summary
- Capital Projects Fund Appropriations
- Development Corporation Fund
- Convention Center Fund
- Performing Arts Center Fund
- Hotel Occupancy Tax Fund
- Venue Tax Fund
- Airport Fund
- Toll Bridge Fund
- Anzalduas Crossing Fund
- Anzalduas CIP Fund
- Anzalduas Cargo Fund
- CIP Fund
- Drainage Fee Fund
- Traffic/Drainage Bond Fund
- Parks Facility Construction Fund
- Infrastructure & Improvement Fund (ARPA)
- Health Insurance Fund
- Agencies
- Outstanding Issues

City Manager reviewed the federal fund decision package recap and recommendations for the following:

- City Commission
- City Manager Office
- International Relations
- City Secretary
- Audit
- Vitals
- Passport Facilities
- Municipal Court
- Finance
- Management and Budget
- Tax Office
- Purchasing
- City Attorney's Office
- Grants administration
- Human Resources
- Planning
- Information Technology

- McAllen 311 Call Center
- City Hall
- Building Maintenance
- Development Center
- Police
- Animal Care
- Radio Shop
- Fire
- Emergency Medical Services
- Traffic Operations
- Building Permits & Inspections
- Engineering
- Street Maintenance
- Street Lighting
- Sidewalk Construction
- Drainage
- Environmental Health Code Compliance
- Graffiti
- Parks Administration
- Parks
- Recreation
- Pools
- Las Palmas Community Center
- Quinta Mazatlan
- Library, Lark, & Palmview
- Agencies

The Development Corporation Fund and a breakdown of recurring expenses were briefly reviewed by the City Manager. Staff provided a general overview of the items in the fund and discussed recurring expenditures. It was noted that additional details regarding these expenses, including specific line items and funding considerations, will be presented and discussed in greater depth during upcoming workshops.

A capital projects presentation was discussed, city manager on page 82 of the presentation a list of capital projects, recurring projects, and proposed new projects was provided. Discussion centered on the City's ongoing commitment to infrastructure and development initiatives, as well as the increasing number of projects currently being undertaken.

It was noted that the City is proactively preparing through strategic planning efforts, including potential land acquisition opportunities and maintaining projects in a "shovel-ready" status to take advantage of future funding opportunities as they become available.

Traffic bond projects were discussed, and a list of projects funded through the Drainage Bond Improvement Fund was reviewed. Staff provided an overview of the capital improvement projects included in the fund and their anticipated role in addressing infrastructure needs throughout the community.

The list of agencies supported through the General Fund and those supported through the Development Corporation was briefly reviewed. Staff provided an overview of the recommended funding allocations and discussed each agency's funding source.

It was noted that funding for Affordable Homes was not recommended for the current fiscal year due to challenges the organization has experienced. Discussion included the organization's recent circumstances and the recommendation not to include funding at this time.

It was further noted that Christian's Manor and Development Corporation was recommended for funding, and the proposed budget includes funding for Affordable Homes.

Further discussion took place, with staff continuing to respond to Council's questions.

Mayor Javier Villalobos expressed appreciation to staff for their presentation.

EXECUTIVE SESSION, CHAPTER 551, TEXAS GOVERNMENT CODE, SECTION 551.071 (CONSULTATION WITH CITY ATTORNEY), SECTION 551.072 (DELIBERATION REGARDING REAL PROPERTY), SECTION 551.074 (PERSONNEL MATTERS) AND SECTION 551.087 (ECONOMIC DEVELOPMENT).

ADJOURNMENT

Without objection, the meeting was adjourned at 4:53 pm.

Javier Villalobos, Mayor

Attest



Perla Lara, TRMG/CMC, CPM
City Secretary