

Item D-2

**FY 2021-22
Budget Kick-Off**

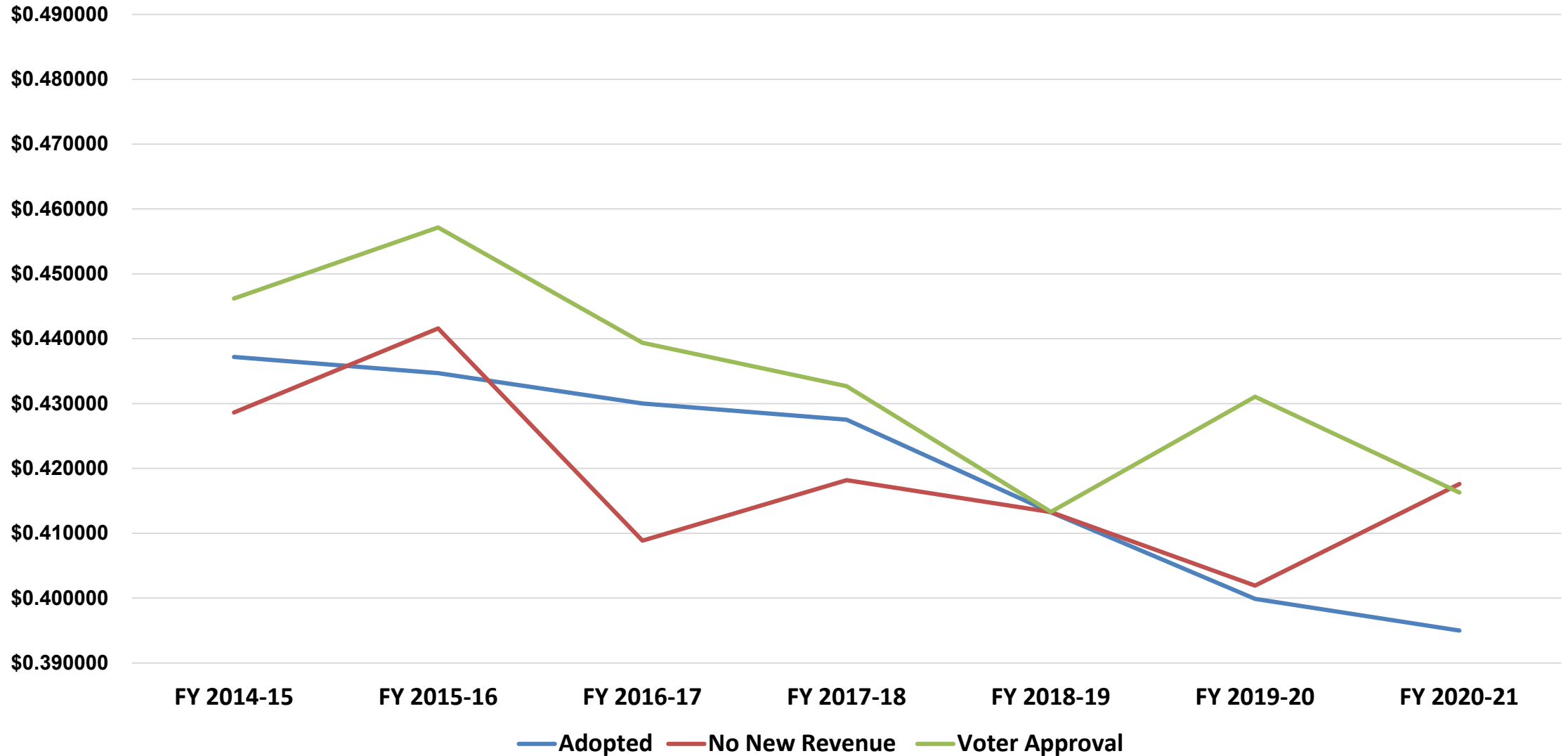
Budget Input To Date

- Continue raising homestead exemption
- Implement TIRZ #2 Fund
- Remain competitive with reasonable and sustainable market compensation
- Continue next steps in becoming self-insured
- Consider enhancing family-friendly / recreation events
- Continue sidewalk and trail funding increases
- Outsource/Regionalize where possible
- Continue Old Town Keller projects
- Use General Fund Balance for one-times

FY 2020-21 Revenue Guiding Principles

- Increase homestead exemption (Currently 14%)
- Consider tax rate decrease, if possible
- Evaluate impact of 3.5% cap on O&M / No New Tax Rate
- ***Estimate sales tax conservatively***
- Continue to monitor development fees and Keller Pointe revenue
- Consider minimal increases to city portion of water/wastewater rates
- Budget pass-thru water/wastewater rates at 100%

Property Tax Rate History



Tax Mitigation Timeline

Fiscal Year	Tax Rate	Change from FY 2013-14	Homestead	Avg. Home Tax Bill without Mitigation
FY 2013-14	\$0.44219	\$0.00000	1%	1,791
FY 2014-15	\$0.43719	(\$0.00500)	1%	1,771
FY 2015-16	\$0.43469	(\$0.00750)	1%	1,760
FY 2016-17	\$0.43000	(\$0.01219)	4%	1,689
FY 2017-18	\$0.42750	(\$0.01469)	8%	1,609
FY 2018-19	\$0.41325	(\$0.02894)	10%	1,522
FY 2019-20	\$0.39990	(\$0.04229)	12%	1,440
FY 2020-21	\$0.39500	(\$0.04719)	14%	1,390

\$0.3950 & 14% Homestead Exemption vs. FY 14 Rate & 1% HS = \$401 savings or ~3.5 month of services

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Homestead Option Impact

Based upon FY 2020-21	16%	17%	18%	20%
Homeowner savings (annual)	\$32.32	\$48.48	\$64.64	\$96.95
Homeowner savings (monthly)	\$2.69	\$4.04	\$5.39	\$8.08
Levy Reduction	\$369,301	\$553,952	\$738,603	\$1,107,904
% of FY 2020-21 New Growth	127.21%	190.82%	254.42%	381.8%
Tax Rate Equivalent	\$0.387804	\$0.384208	\$0.380609	\$0.373416

Value and Levy Comparison

Value	Levy	% of Taxable Value Added
\$351,817 (Avg. home)	\$1,390	0.0058%
\$1,000,000	\$3,950	0.0166%
\$10,000,000	\$39,500	0.166%
\$21,301,150 (Avg. Top 3-10)	\$84,140	0.355%
\$39,589,117 (Top 2)	\$156,377	0.659%
\$73,036,931 (FY 21 New Growth)	\$288,496	1.215%
\$108,890,000 (Top 1)	\$430,116	1.812%
\$139,807,123 (Avg. New Growth 5 Years)	\$552,238	2.327%

FY 2020-21 Expenditure Guiding Principles

- Propose an operationally balanced budget
- Maintain base funding and current service levels
- Keep salaries competitive to the market
- Next steps for self-insurance
- Limited staffing increases if they are justified on workload and priority analysis
- Maintain 5-Year CIP program
 - Increase sidewalk & trail funds by 10%
- Maintain replacement funds, and replace based upon needs
 - Fire Engine Replacement
- Consider funding options for Elm Street / Old Town Keller (FB, debt, County, ARRA)

Operational Budget Concept

- Finance has provided a Operational Budget
- Funds available to maintain departmental services
- Any changes must net to zero

Operational Budget Calculation

FY 2020-21 Total Budget

Minus Personnel Costs

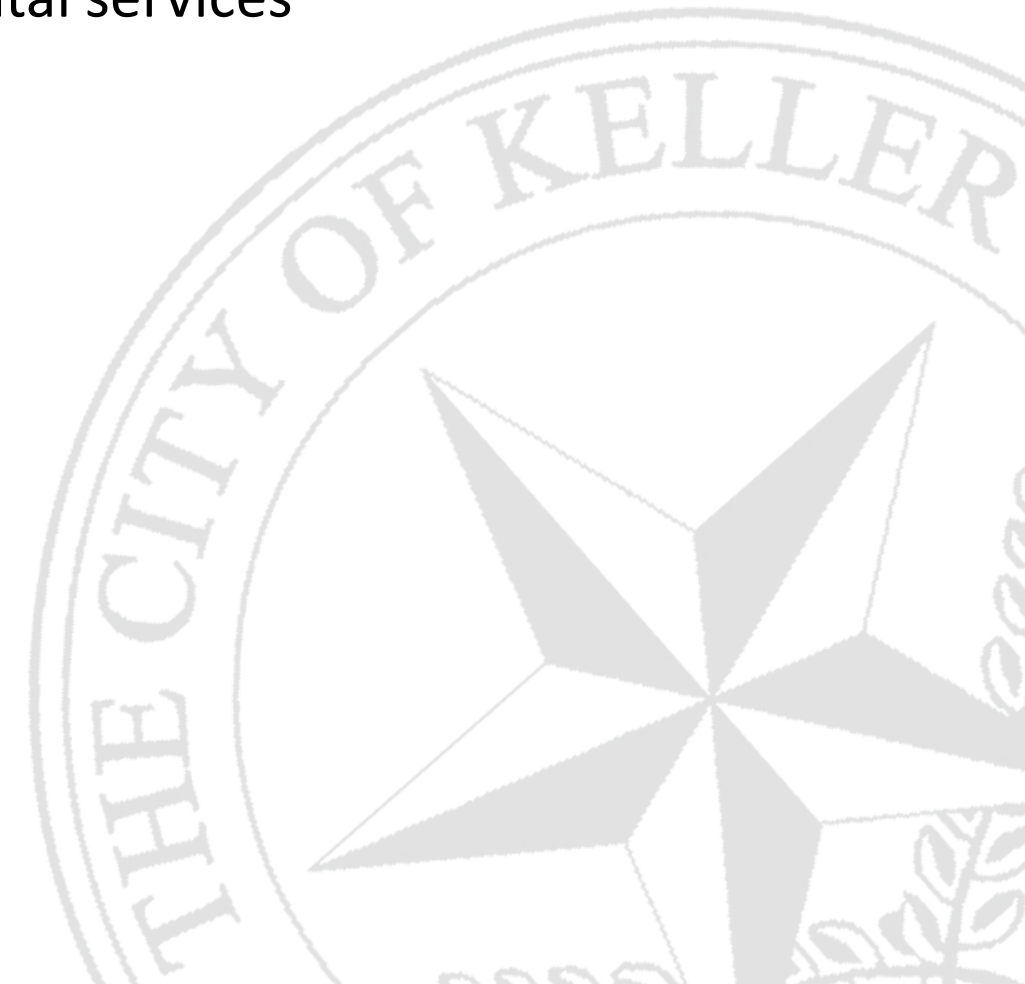
Minus “Lease Payments”

Minus One-Time Costs

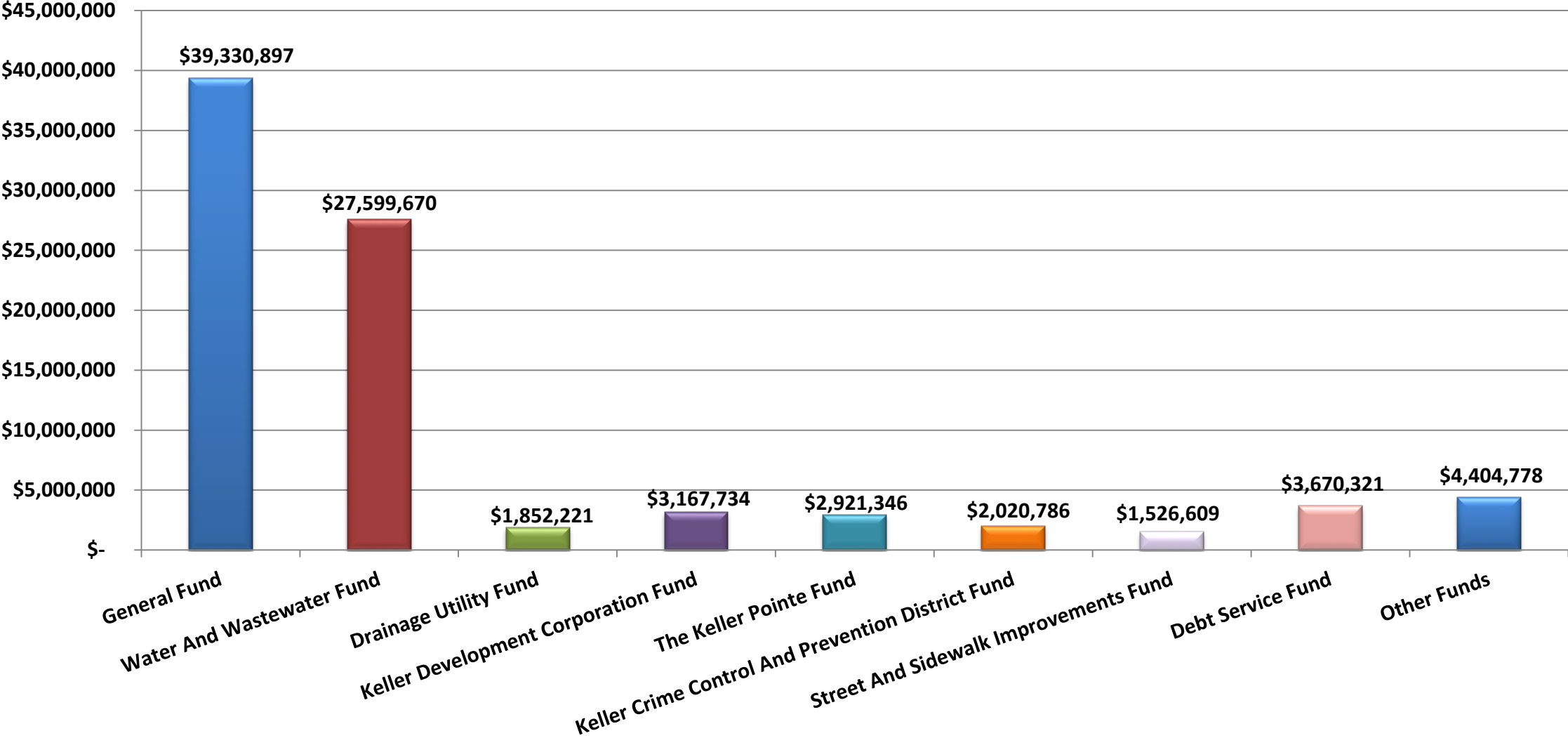
Minus Other Adjustments

Plus Known Adjustments

Total Operational Budget



FY 2020-21 Adopted Budget = \$86,494,362



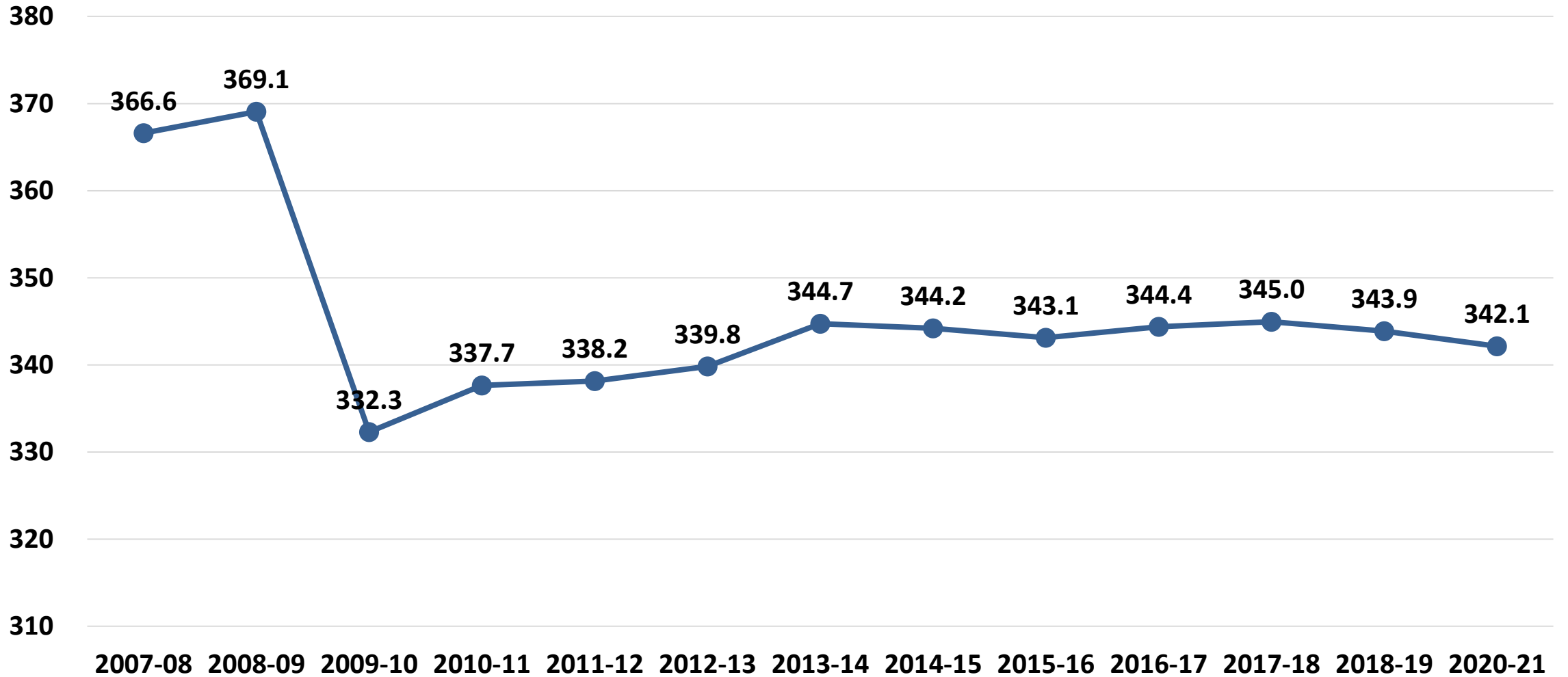
Compensation Increases

Public Safety	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Market	-	-	4.00%	2.00%	1.50%	5.00%	4.00%	1.25%	4.00%
Merit	2.00%	3.00%	-	2.00%	1.50%	-	-	-	
Step	-	-	-	-	-	2.00%	2.00%	2.00%	2.00%
Total	2.00%	3.00%	4.00%	4.00%	3.00%	7.00%	6.00%	3.25%	6.00%

Note: Chart applies to sworn police and fire employees, not all employees working within those departments.

Civilian	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Market	-	-	3.00%	2.00%	1.50%	1.00%	1.50%	1.75%	2.00%
Merit	2.00%	3.00%	-	2.00%	1.50%	2.00%	2.00%	1.50%	2.00%
Total	2.00%	3.00%	3.00%	4.00%	3.00%	3.00%	3.50%	3.25%	4.00%

FTE Growth



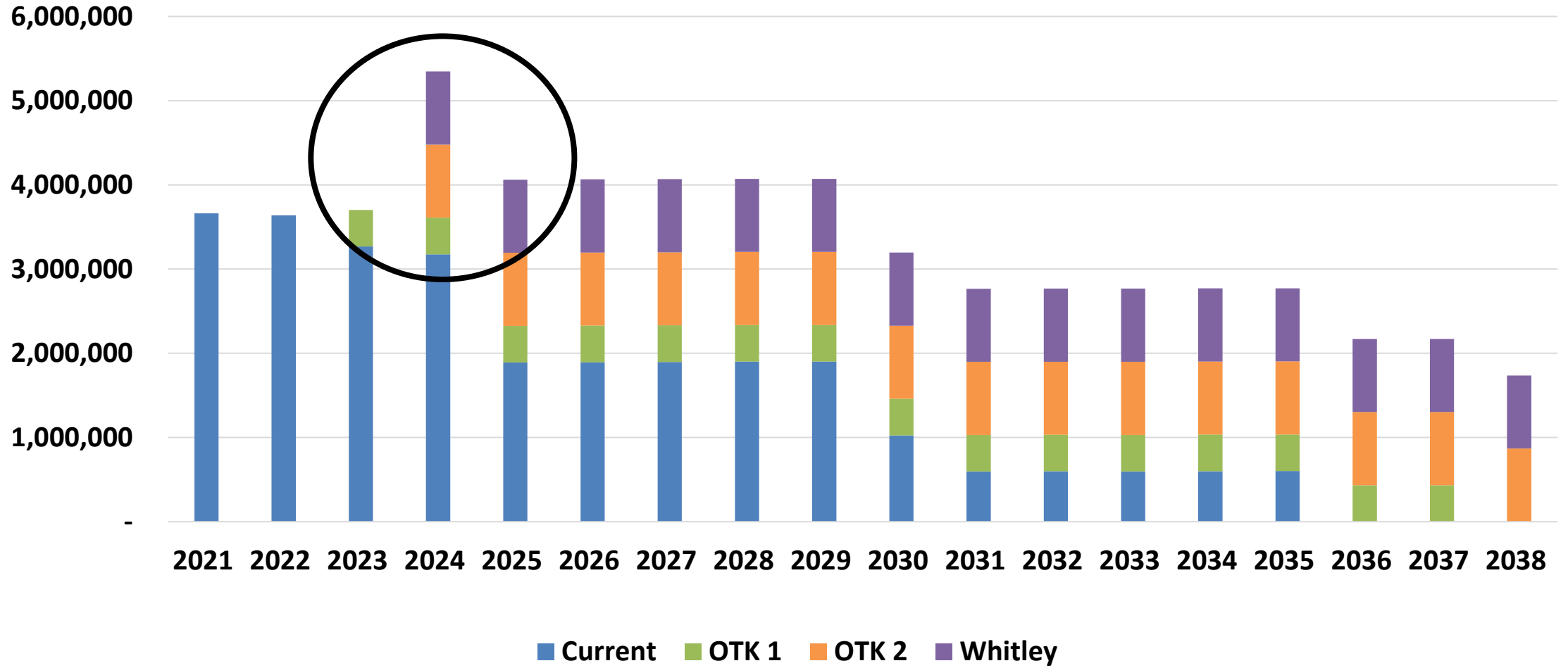
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Replacement Funds

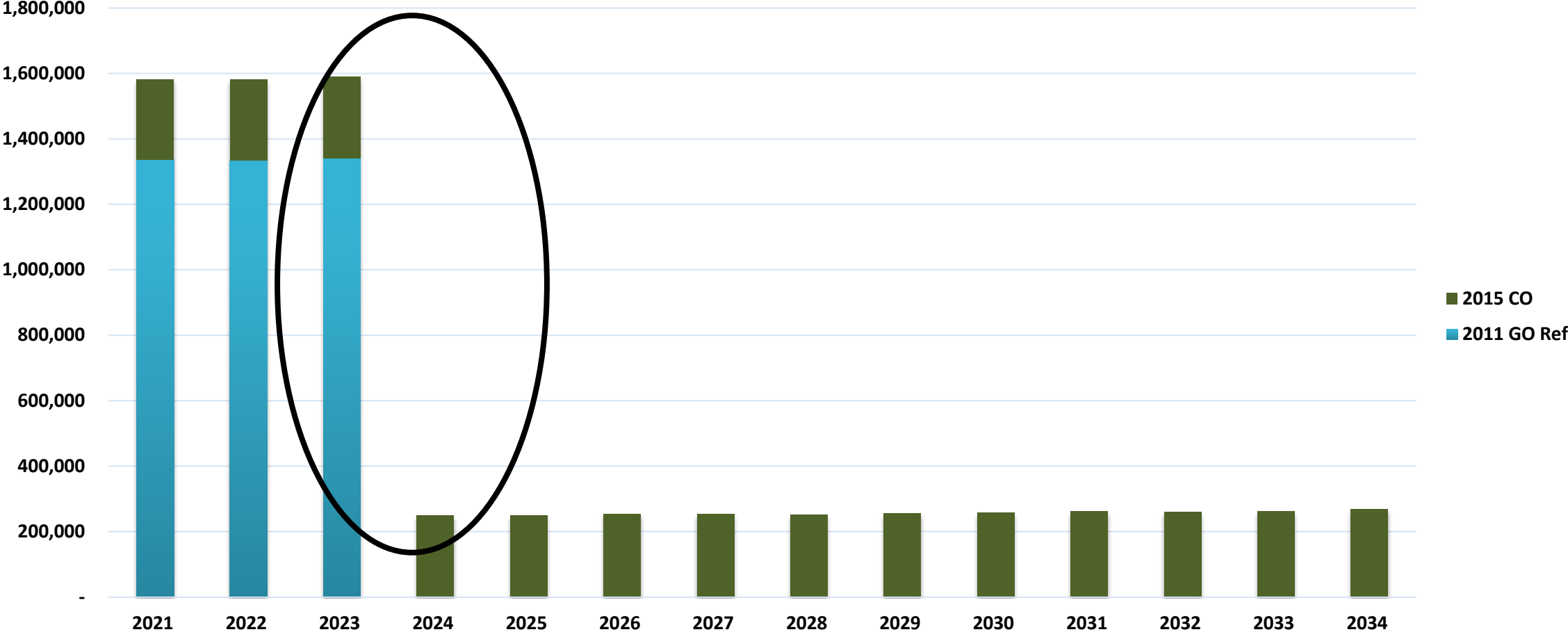
Fund	2021 GF Contribution	2021 W/WW Contribution	2021 Other Funds Contribution
Vehicle & Equipment Fund	827,867	333,588	91,435
IT Equipment Fund*	135,095	16,107	11,609
Facility Replacement Fund	375,000	-	-
Fire Equipment Fund	138,023	-	-
Total Funding	\$1,475,985	\$349,695	\$103,044

**Computer replacements only, does not include cost of IT support & software*

I&S Current and Proposed Debt



KDC Current and Proposed Debt



BUDGET CALENDAR – Preparation

Calendar Item	Date(s)
Budget Kick-Off	March 23
HR Requests, IT Requests, & Fee Change Forms Due	April 16
Departmental Budgets Due	April 16-May 14
Finance Meetings with Departments	April 23-May 21
City Manager Meetings with Departments	May 7-June 11
Compensation Committee Meeting	Mid-June
Last Day to Adopt Homestead Exemption	June 30
Public Hearings on KCCPD & KDC	July 21

BUDGET CALENDAR – Strategic Planning

Calendar Item	Date(s)
CAFR Presentation & Fund Types	April 6
Budget Kick-Off	April 20
Economic Development, Sales Tax, Permit Revenue	May 4
Replacement Fund Types and Proposed Replacements	May 18
Property Tax Calculations & Homestead Exemption	June 1
Five Year CIP and Outstanding Debt	June 15
Compensation, Insurance, FTEs Update	July 6
Water/WW & Drainage Fund Summaries; Fee Adjustments	July 20
Tax and Proposed Budget Update	August 3
TBD	August 17

BUDGET CALENDAR – Adoption

Calendar Item	Under 3.5%	Over 3.5%
Receive Certified Values	July 25	July 25
Deliver Tax Rates to Governing Body	August 3	August 3
Proposed Budget Published	August 11	July 25
Notice of Tax Rates & Hearings	By August 28	By August 7
Proposed Budget Review	August 24	August 10
Public Hearings	September 15	August 16
Budget and Tax Rate Adoption	September 15	August 17
Fiscal Year Begins	October 1	October 1
Election	N/A	November 2



Questions?

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