

Item H-4

Consider a resolution of the City Council of the City of Keller, Texas, to consider a proposal to adopt a tax rate that will be lower than the no new revenue and voter-approval tax rates; and providing an effective date.

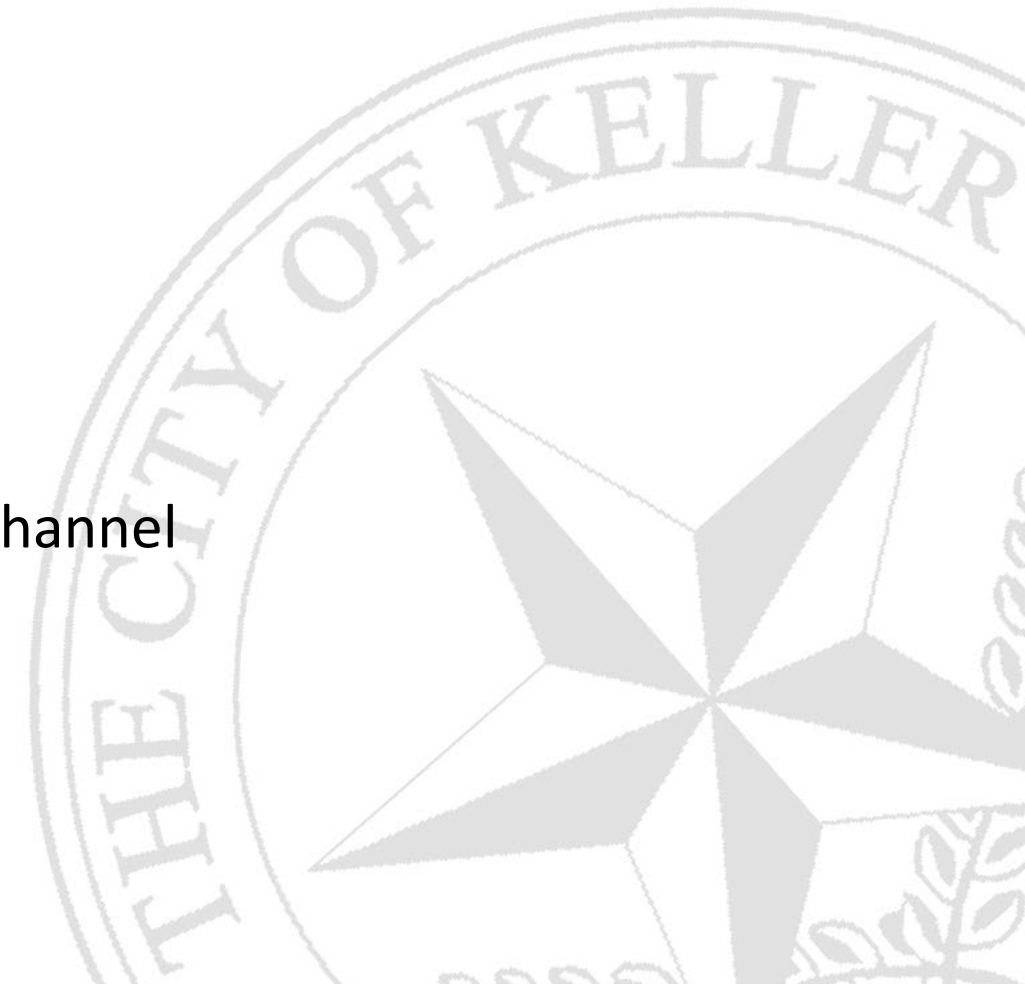
Requirements to Adopt Budget & Tax Rate

Budget Adoption - Keller Charter/ Local Government Code:

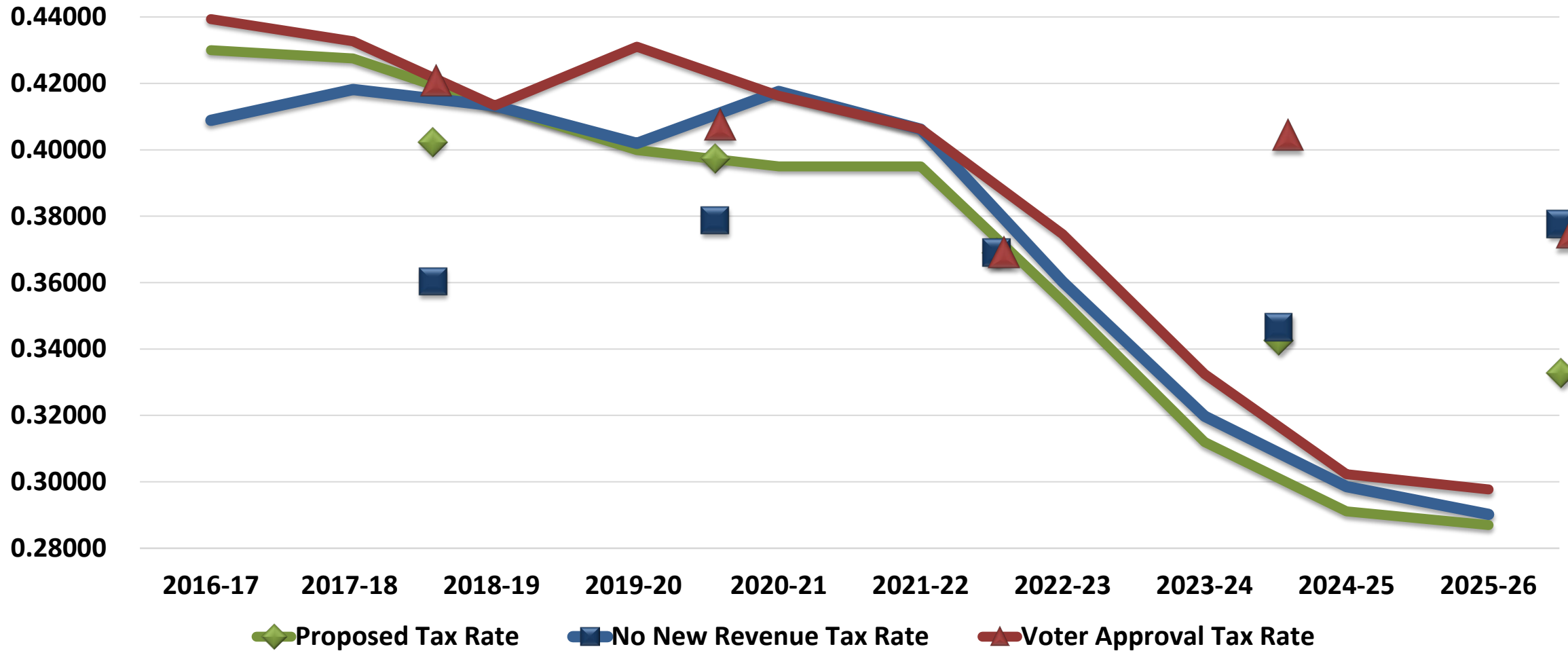
- Proposed Budget be filed on or before Aug. 15
- Post notice of proposed budget
- Hold public hearing
- Adopt by Sept. 27

Tax Rate Adoption - Texas Tax Code:

- Consider a proposed tax rate
- Post the rate notice: newspaper, website and PEG Channel
- ~~• Hold public hearing prior to adoption~~
- Adopt budget
- Motion to approve tax revenue increase in budget
- Adopt tax rate



Property Tax Rate History



Excellence • Integrity • Service • Creativity • Communication

Levy with Certification

	Current	Certification at Current Rate	Certification at Proposed Rate
Adjusted Value	8,406,298,580	8,406,298,580	8,406,298,580
No-New-Revenue	0. 298552	0.290187	0.290187
Voter-Approval	0.347005	0.345143	0.345143
City Rate	0.291120	0.291120	0.287000
Collection	\$24,168,790	\$24,621,059	\$24,343,300
Vs. FY 2024-25	-	\$452,268	\$174,509
New Levy		160,283	158,015
Existing Levy		291,985	16,494

Value of \$0.0025/100 = \$210,035

Excellence • Integrity • Service • Creativity • Communication

T-N-T Tax Rates

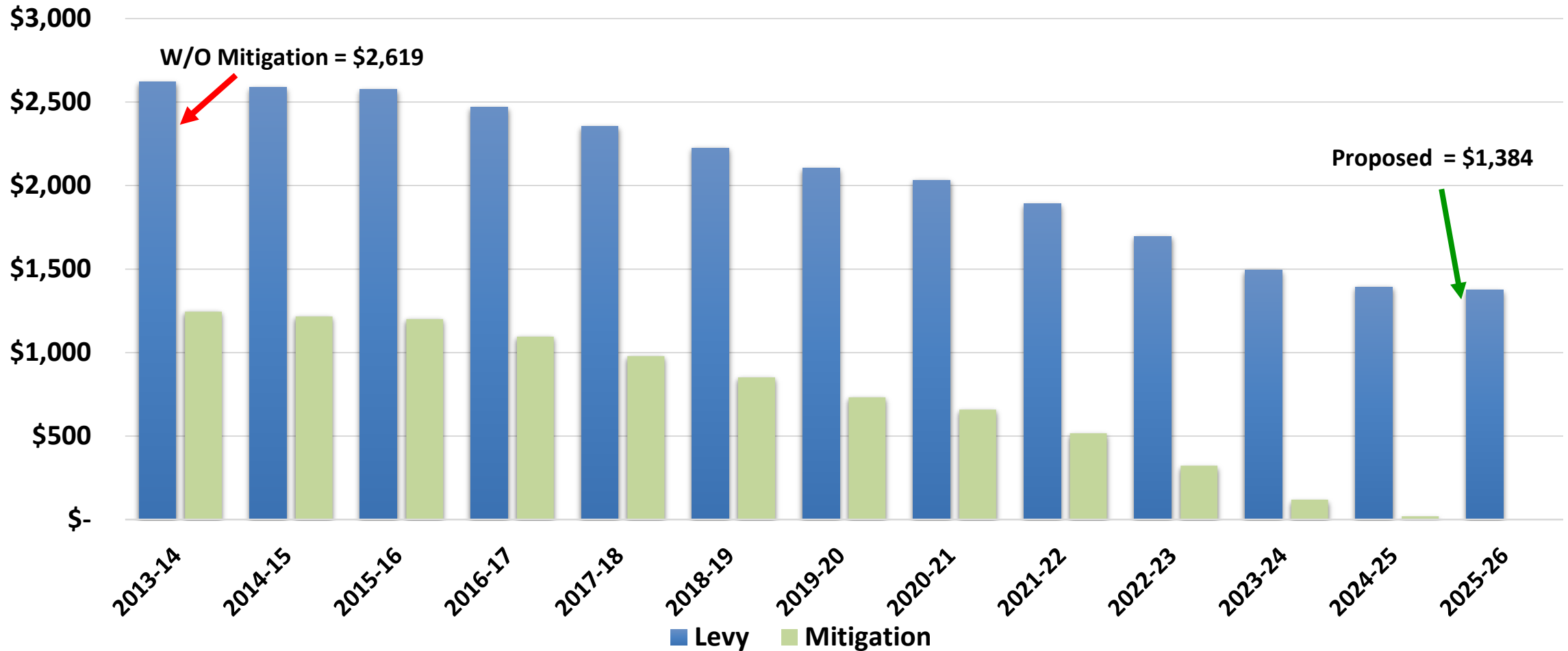
	FY 2024-25 Rate - Current	FY 2024-25 Rate – TY 2025 Values	<i>No New Revenue Rate</i>	<i>Voter- Approval Rate</i>	<i>Voter- Approval w/ Incremental Rate</i>
Tax Rate	\$0.291120	\$0.291120	\$0.290187	\$0.297672	\$0.345143
Levy Increase	\$ -	\$452,268	\$389,368	\$893,991	\$4,094,524
Average Taxable Home	\$471,929	\$478,603	\$478,603	\$478,603	\$478,603
Avg. Home Tax Bill	1,374	1,393	\$ 1,389	\$1,425	\$1,652
Per Month	114.49	\$116.11	\$115.74	\$118.72	\$137.66
Change from FY 2024-25 (\$)		\$19.43	\$14.96	\$50.79	\$277.99

Tax Rate Options

	FY 2024-25 Rate	Keller No New Revenue Rate	<i>Mid Option</i> <i>(Existing Levy ~\$0)</i>	<i>No New</i> <i>Revenue Rate</i>
Tax Rate	\$0.29112	\$0.28700	\$0.288594	\$0.290187
Levy Increase		\$174,509	\$281,972	\$389,368
Average Taxable Home	\$471,929	\$478,600	\$478,600	\$478,600
Avg. Home Tax Bill	1,374*	1,374*	\$ 1,381	\$ 1,389
Per Month	114.49	114.47	\$115.10	\$115.74
Change from FY 2023-24 (\$)		(\$0.29)	\$7.34	\$14.96

***Lowest average bill since FY 2016-17**

Tax Mitigation Timeline - \$0.2870

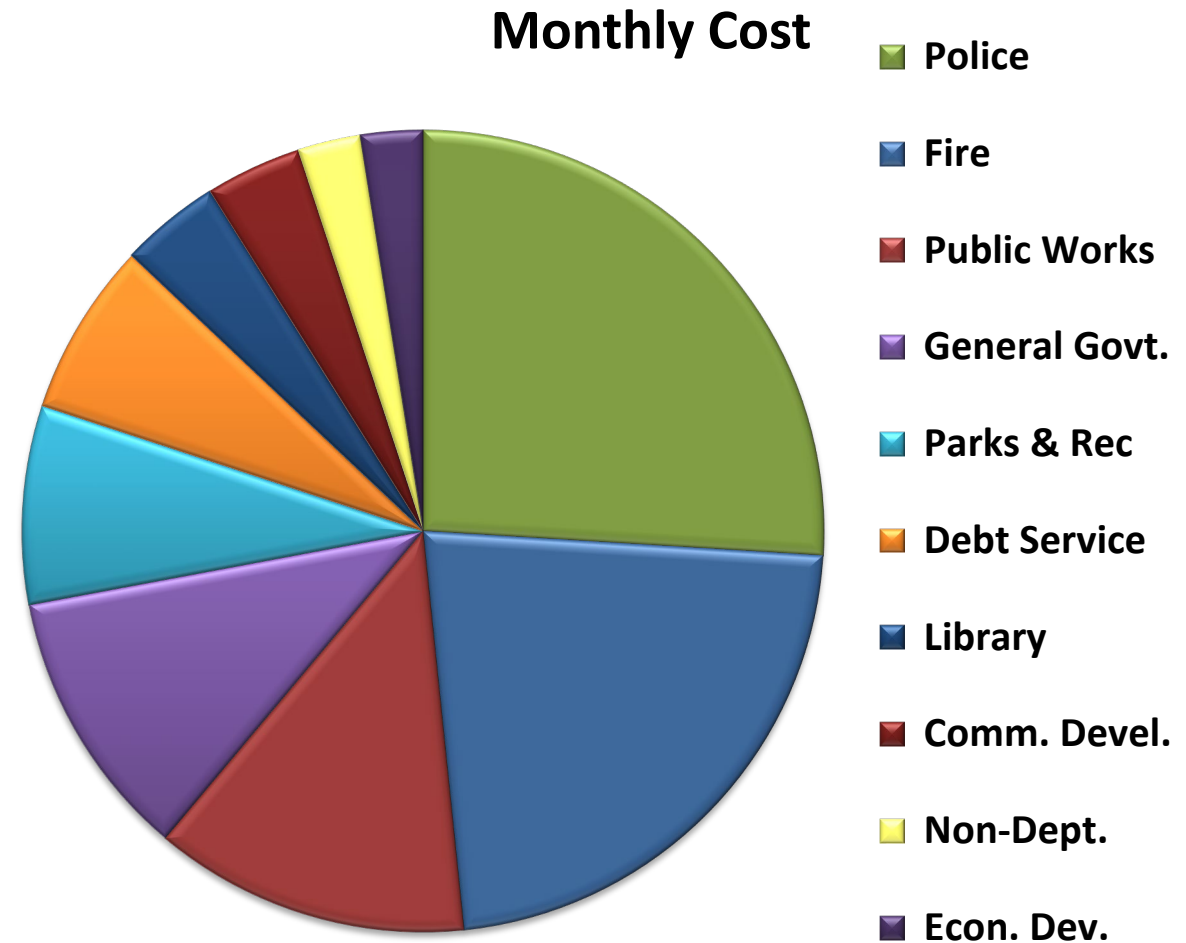


\$0.2870 & 20% Homestead Exemption vs. FY 14 Rate & 1% HS = \$1,245.37 savings or ~5.71 month of services

Excellence • Integrity • Service • Creativity • Communication

Cost of City Services for Average Residential Taxpayer

Police	\$ 29.73
Fire	25.64
Public Works	14.59
General Govt.	12.53
Debt Service	9.16
Parks & Rec	8.01
Comm. Devel.	4.62
Library	4.44
Non-Dept.	2.91
Econ. Dev.	2.84
<hr/>	
Total	\$ 114.47



FY 2025-26 Proposed Budget

General Fund Expenditure by Category

Expenditures	FY 2024-25 Budget	FY 2025-26 Proposed Budget	Budget Variance (\$)	Budget Variance (%)
Personnel services	\$ 29,396,736	\$ 30,342,341	\$ 945,605	3.22%
Operations & maintenance	3,384,191	3,270,525	(113,666)	-3.36%
Services & other	10,650,116	11,163,075	512,959	4.82%
Transfers to other funds	6,805,667	2,451,374	(4,354,293)	-63.98%
Capital outlay	58,024	—	(58,024)	-100.00%
Total Expenditures	\$ 50,294,734	\$ 47,227,315	\$ (3,067,419)	-6.10%

Growth = \$1,507,494 or 3.47% with one-times removed

Ad Valorem Expenditures

Expenditure	On-Going Cost	One-Time Cost	Total Cost
Street Maintenance	\$ -	\$ 1,172,707	\$ 1,172,707
Compensation	945,605	-	945,605
Sidewalk Improvements	-	550,000	550,000
Economic Development Incentives	-	214,754	214,754
Third Party Utility Inspections	-	200,000	200,000
Fire Prevention Services	175,000	-	175,000
Pavement Condition Assessment	-	150,000	150,000
Website Redesign	-	32,500	32,500
Total	\$ 1,120,605	\$ 2,319,961	\$ 3,440,566

Excellence • Integrity • Service • Creativity • Communication

Essential Points for FY 2025-26 Budget

- Operationally balanced budget that meets City Council goals and directions (Strategic Goal 3.1)
- Proposing Tax Rate under “No New Revenue” Rate (3.3)
- Total Personnel net increase under 4% (5.3)
 - Maintain Self-Insurance
- Continued investment in streets and sidewalk infrastructure = \$5.5M (4.1, 4.2)
 - Street Maintenance = \$4.05M
 - Sidewalk Improvements = \$1.1M
- Fourth Year of TIRZ#2 Fund (2.4, 4.5)
- Rate adjustments to City water & wastewater = 2.0% (3.1)
 - AWIA Regulatory Update
 - LCRI Monitoring
- Maintains All Replacement Funding (3.4)
 - Dump Trucks
 - Backhoe

Budget Timeline – Next Steps

Calendar Item	Date(s)
Proposed Budget Published	August 15
Vote on Max Tax Rate	August 19
TIRZ #2 Board Meeting & Budget Workshop	August 27
Budget and Tax Rate Adoption	September 16
Fiscal Year Begins	October 1

Action Needed

Approve a Resolution:

- Setting maximum rate of \$0.28700 – rate used for proposed budget
- Setting a maximum rate up to \$0.290187 – does not require public hearings
- Setting a maximum rate up to \$0.345143 – requires a public hearing
- ~~Setting a maximum rate at or above \$0.345143 – requires voter approval~~



Questions?
Aaron Rector
817-743-4026

Excellence • Integrity • Service • Creativity • Communication