

Item H-6

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.

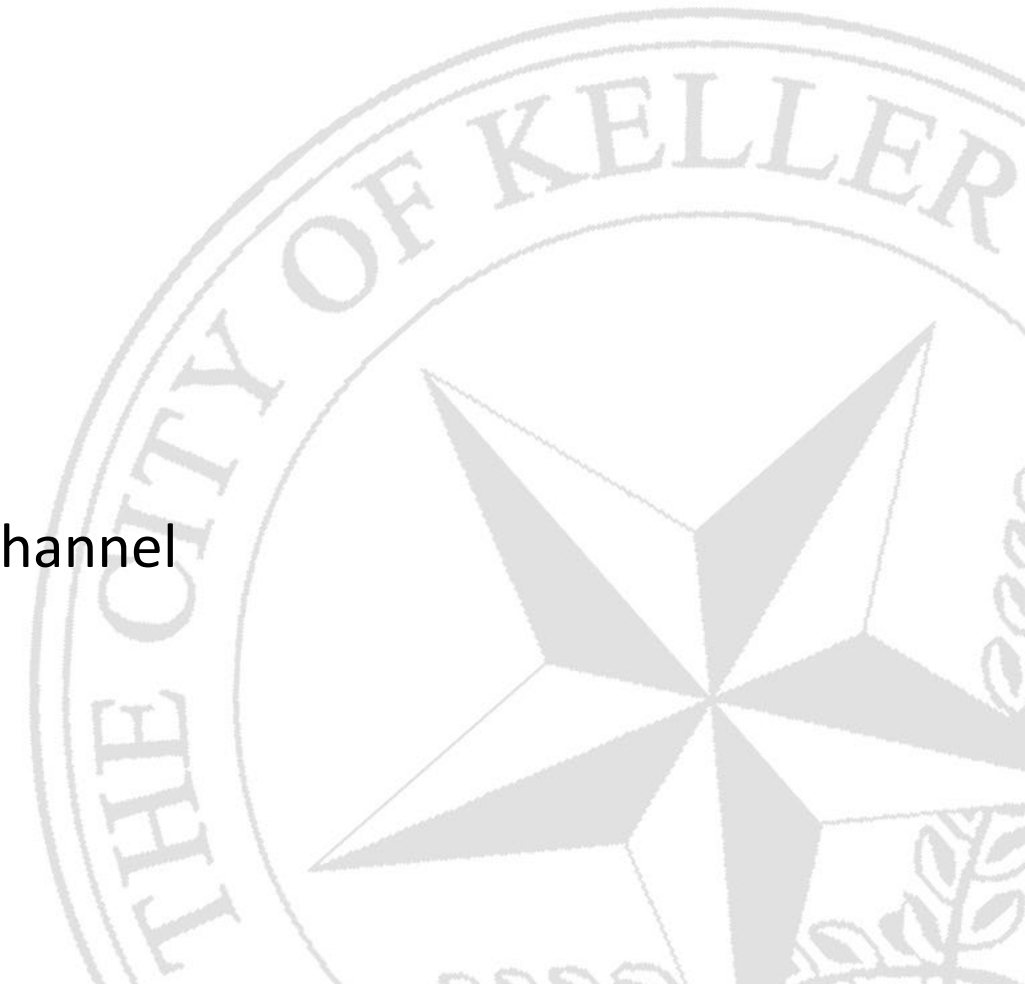
Requirements to Adopt Budget & Tax Rate

Budget Adoption - Keller Charter/ Local Government Code:

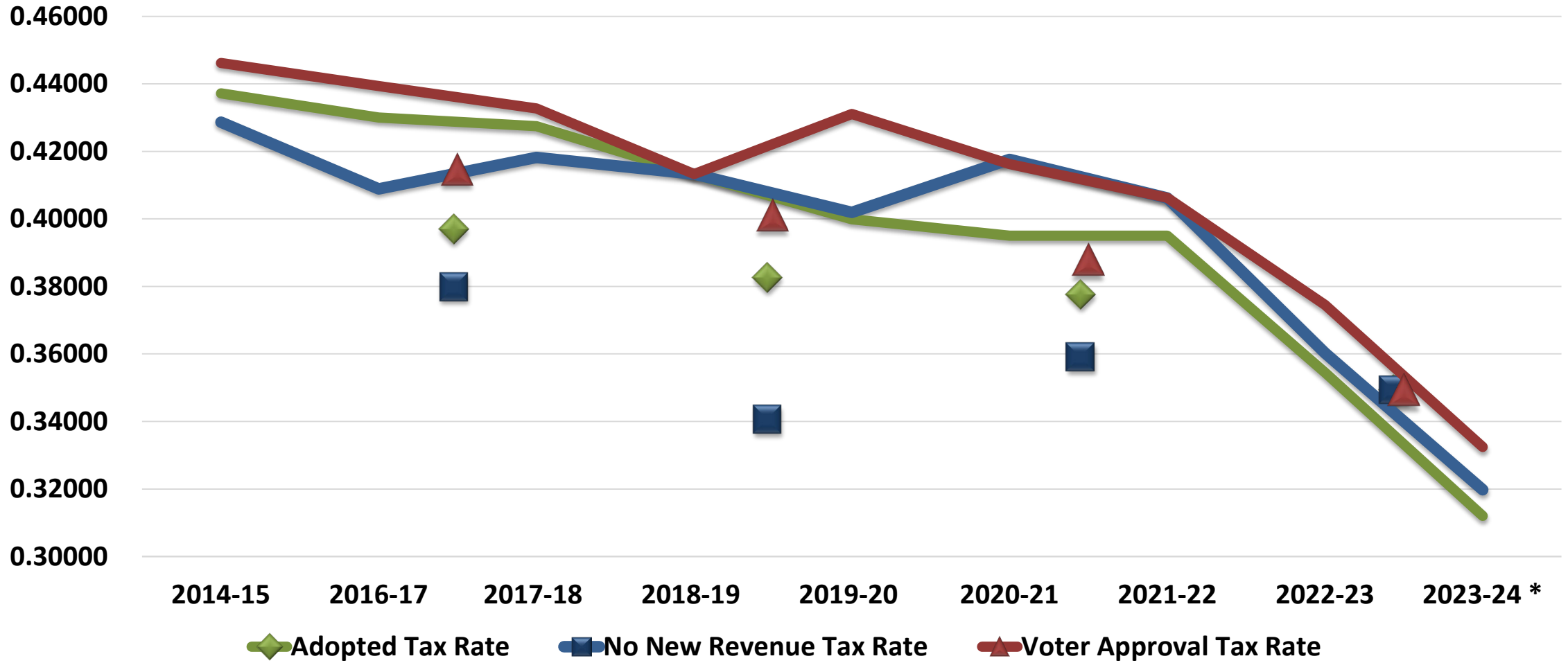
- Proposed Budget be filed on or before August 15
- Post notice of proposed budget
- Hold public hearing
- Adopt by September 27

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



Levy with Certification

	Current	June Estimate	Certification
Adjusted Value	6,832,377,912	7,500,461,845	7,778,099,210
No-New-Revenue	0.36028	N/A	0.319772
Voter-Approval	0.37456	N/A	0.332450
City Rate	0.35450	0.35450	0.312000
Collection	\$23,895,979	\$25,775,949	\$24,062,446
Vs. FY 2022-23	-	1,879,970	166,466
New Levy		388,163	297,321
Existing Levy		1,491,808	(130,854)

- Value of \$0.0025/100 = \$191,573

Tax Rate Options

	FY 2022-23 Rate	FY 2023-24 Rate	<i>No New Revenue Rate</i>	<i>Voter- Approval Rate</i>	<i>Voter- Approval w/ Incremental Rate</i>
Tax Rate	\$0.35450	\$0.31200	\$0.319772	\$0.332018	\$0.38504
Average Taxable Home	\$387,603	\$440,350	\$440,350	\$440,350	\$440,350
Avg. Home Tax Bill	1,374	1,374*	\$ 1,408	\$1,464	\$1,696
Per Month	114.50	114.49	\$117.34	\$122.00	\$141.29
Change from FY 2022-23 (\$)		(\$0.16)	\$34.06	\$90.06	\$321.64

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

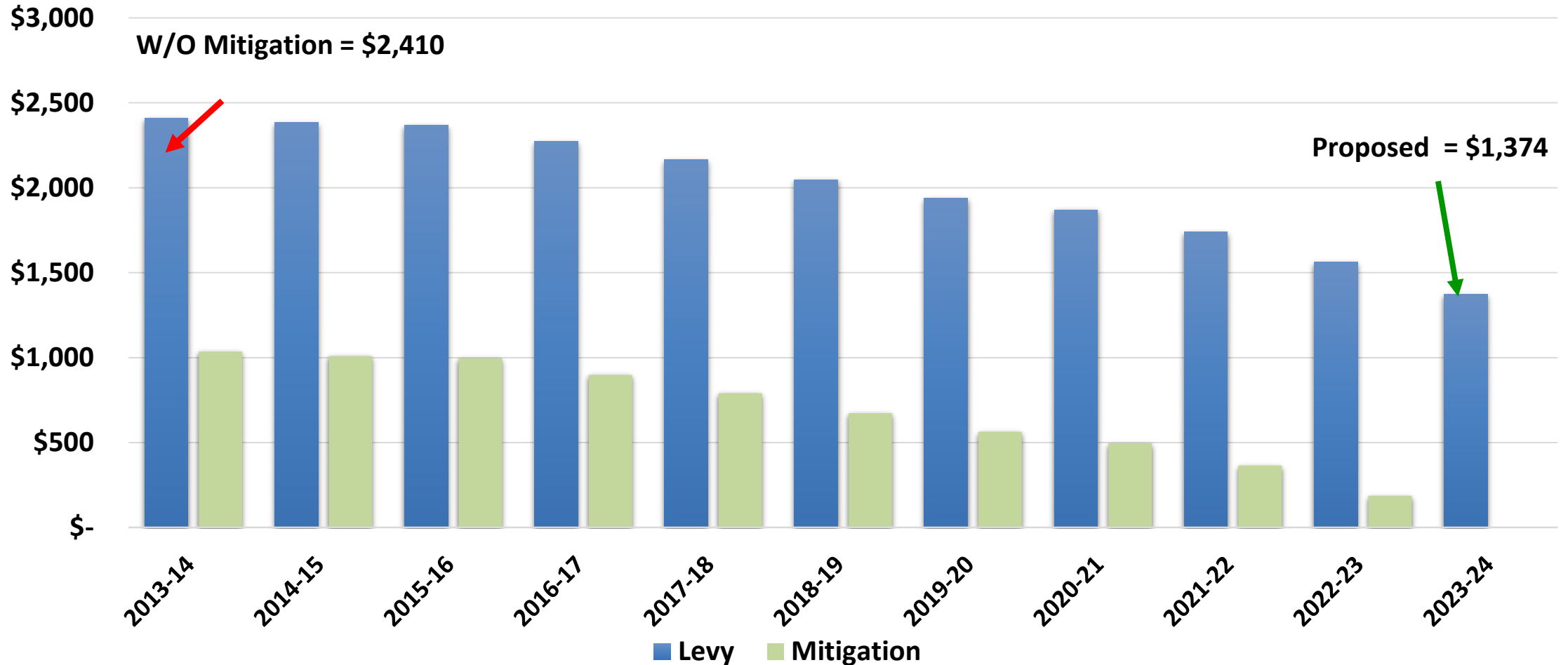
Tax Mitigation Timeline

Fiscal Year	Tax Rate	Change from FY 2013-14	Homestead	Avg. Home Tax Bill without Mitigation
FY 2013-14	\$0.44219	-	1%	2,410
FY 2014-15	\$0.43719	(\$0.00500)	1%	2,382
FY 2015-16	\$0.43469	(\$0.00750)	1%	2,369
FY 2016-17	\$0.43000	(\$0.01219)	4%	2,272
FY 2017-18	\$0.42750	(\$0.01469)	8%	2,165
FY 2018-19	\$0.41325	(\$0.02894)	10%	2,047
FY 2019-20	\$0.39990	(\$0.04229)	12%	1,937
FY 2020-21	\$0.39500	(\$0.04719)	14%	1,870
FY 2021-22	\$0.39500	(\$0.04719)	20%	1,739
FY 2022-23	\$0.35450	(\$0.08769)	20%	1,561
FY 2023-24	\$0.31200	(\$0.13019)	20%	-

\$0.3120 & 20% Homestead Exemption vs. FY 14 Rate & 1% HS = \$1,036 savings or ~5.2 month of services

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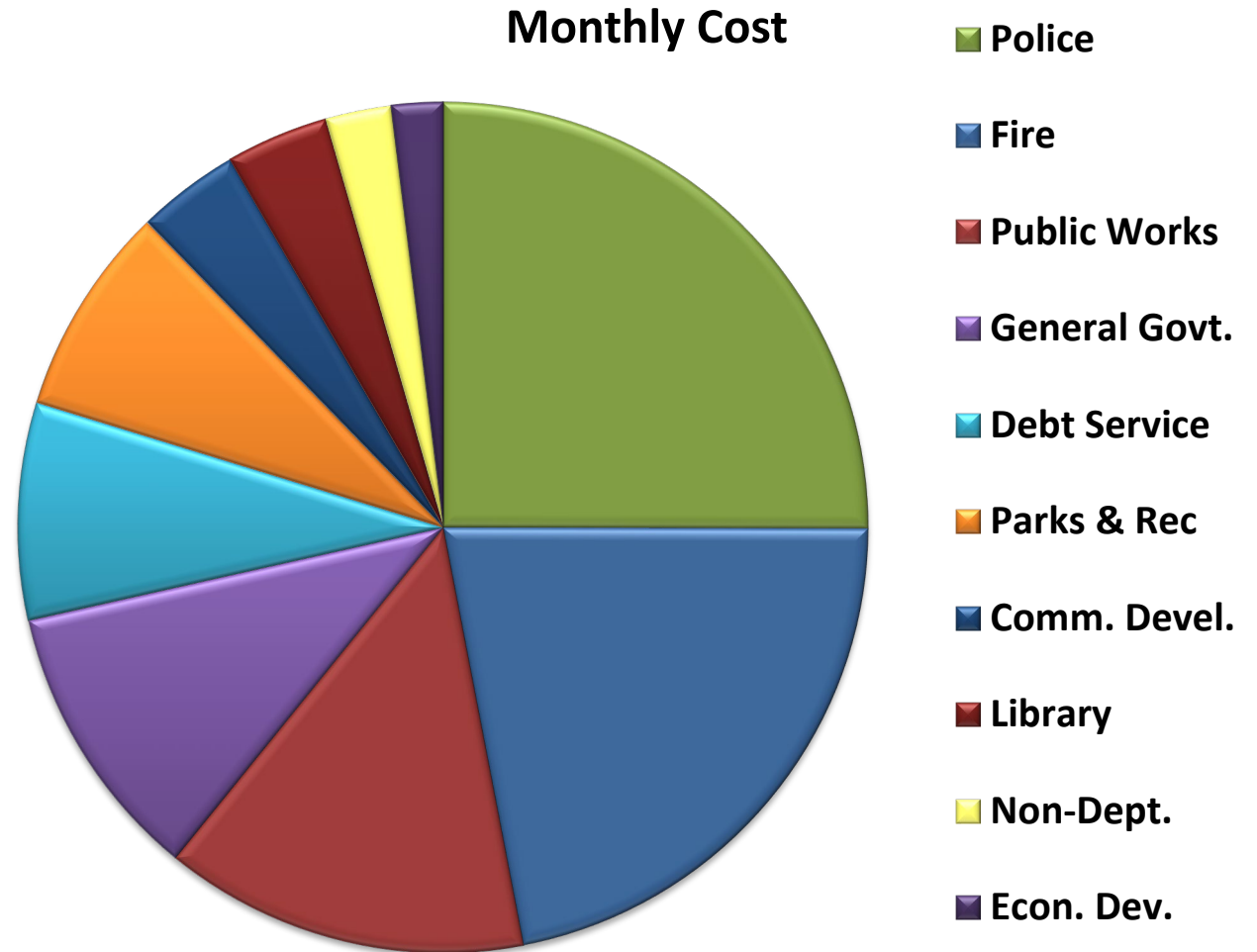
Average 2024 Household Levy Without Tax Mitigation



\$0.3120 & 20% Homestead Exemption vs. FY 14 Rate & 1% HS = \$1,036 savings or ~5.2 month of services

Cost of City Services for Average Residential Taxpayer

Police	28.68
Fire	25.10
Public Works	15.90
General Govt.	12.17
Debt Service	9.47
Parks & Rec	9.14
Comm. Devel.	4.48
Library	4.47
Non-Dept.	2.85
Econ. Dev.	2.24
Total	\$ 114.49



FY 2023-24 Proposed Budget

General Fund Expenditure by Category

Expenditures	FY 2022-23 Budget	FY 2023-24 Proposed Budget	Budget Variance (\$)	Budget Variance (%)
Personnel services	\$ 26,979,762	\$ 28,171,394	\$ 1,191,632	4.42%
Operations & maintenance	3,380,991	3,152,833	(228,158)	-6.75%
Services & other	9,251,049	9,892,559	641,510	6.93%
Transfers to other funds	5,015,667	2,865,667	(2,150,000)	-42.87%
Capital outlay	382,218	47,600	(334,618)	-87.55%
Total Expenditures	\$ 45,009,687	\$ 44,130,053	\$ (879,634)	(1.95)%

Growth = \$1,642,616 or 4.11% with one-times removed

Ad Valorem Expenditures

Expenditure	On-Going Cost	One-Time Cost	Total Cost
Compensation	\$ 1,191,625	\$ -	\$ 1,191,625
Pavement Markings	-	700,000	700,000
Old Town Keller/Elm St	-	580,000	580,000
Mt. Gilead Reconstruction	-	512,500	512,500
Dump Truck	24,000	216,000	240,000
Signal Modifications	-	200,000	200,000
Third Party Franchise Inspections	-	200,000	200,000
377 Median Design	-	100,000	100,000
Tarrant Parkway Right Turn Dedication	-	100,000	100,000
Outdoor Warning Siren Replacement	-	47,600	47,600
Third Party Drainage Review	40,000	-	40,000
Third Party Plan Review Increase	30,000	-	30,000
Special Event Enhancements	30,000	-	30,000
Community Strategic Plan-Fire	-	16,350	16,350
Fire Planning Software & Dashboard	13,089	-	13,089
Book Hold Lockers	-	10,000	10,000
Public Art Utility Boxes	1,500	-	1,500
Total	\$ 1,330,214	\$ 2,682,450	\$ 4,012,664

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Essential Points for FY 2023-24 Budget

- An operationally balanced budget that meets City Council goals and directions (Strategic Goal 3.1)
- Proposing Tax Rate under “No New Revenue” Rate (3.2)
- Total Personnel net increase under 4% (5.3)
- Continued investment in streets and sidewalk infrastructure = \$15.5M (4.1, 4.2)
- Sports Park Debt = \$27.0M (1.1)
- Elm Street, & SWIFT Debt (2.1, 4.4)
- Pavement markings = \$700K (4.2)
- Second Year of TIRZ#2 Fund (2.4, 4.4)
- 2 Detention Officers (cost split with Regional Partners) (1.3)
- Rate adjustments to City water of -2.0% & wastewater of 8.5% (3.1)
- Maintains All Replacement Funding (3.3)

Budget Timeline – Next Steps

Calendar Item	Date(s)
Proposed Budget Published	August 10
Vote on Max Tax Rate	August 15
Budget and Tax Rate Adoption	September 19
Fiscal Year Begins	October 1

Action Needed

Approve a Resolution:

- Setting maximum rate of \$0.31200 – rate used for proposed budget
- Setting a maximum rate up to \$0.31977 – does not require public hearings
- Setting a maximum rate up to \$0.38504 – requires a public hearing
- ~~• Setting a maximum rate at or above \$0.38504 – requires voter approval~~



Questions?
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