

Item H-3

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 effective and rollback tax rates; and providing an effective date.

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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 27th

Tax Rate Adoption - Texas Tax Code (if rate is over effective):

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



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Tax Rate Terminology

Total Tax Rate (Proposed \$0.413275/\$100)

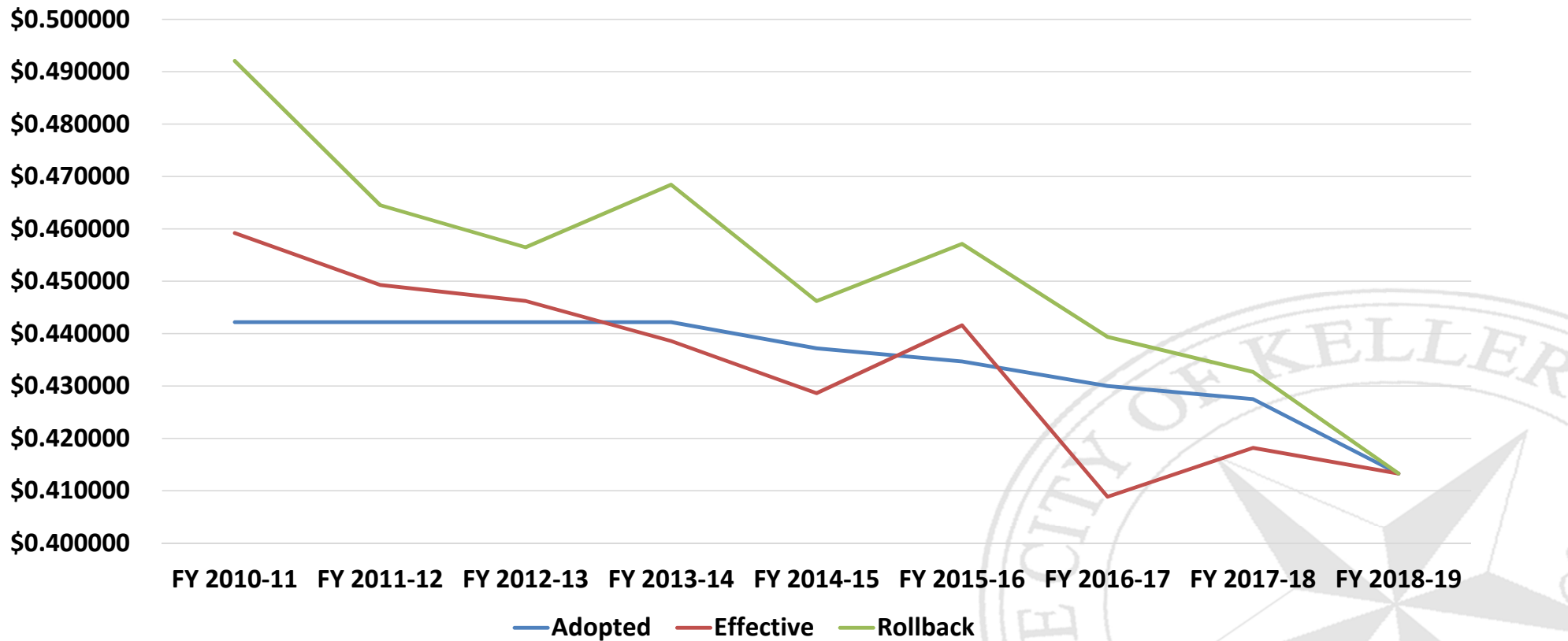
- Operations and Maintenance Rate (O&M) – Rate for General Fund activity (\$0.3329430)
- Interest and Sinking Rate (I&S) – Rate for Debt Service (\$0.080307)

Effective Rate - Rate which creates levy on same properties as prior year (\$0.413279)

Rollback Rate - Effective O&M Rate * 1.08 + I&S Rate (\$0.413302)

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Property Tax Rate History



Item H-3 Levy with Certification

| | Current | June Estimate | Certification @ Current TR | Certification @ \$0.42750 |
|----------------|---------------|---------------|-------------------------------|------------------------------|
| Adjusted Value | 4,657,305,710 | 5,222,483,159 | 5,121,689,116 | 5,121,689,116 |
| Effective | 0.415271 | N/A | 0.413279 | |
| Rollback | 0.429901 | N/A | 0.413302 | |
| City Rate | 0.427500 | 0.427500 | 0.427500 | 0.413250 |
| Collection | \$23,132,822 | \$24,894,899 | \$24,467,236 | \$23,742,869 |
| Vs. FY 2017-18 | - | 1,762,077 | 1,334,414 | 610,047 |
| New Levy | 608,591 | 555,526 | 555,526 | 537,008 |
| Existing Levy | 335,717 | 1,206,551 | 778,888 | 73,038 |

- Value of \$0.0025/100 = \$143,736

Item H-3 AV Levy Breakdown

| | Current | Proposed | \$ Variance | % Variance |
|------------------------------|----------------------|----------------------|-------------------|--------------|
| General Fund (O&M) | 16,882,718 | 19,660,642 | 2,777,924 | 16.45% |
| Debt Service (I&S) | 5,326,795 | 4,082,227 | (1,244,568) | (23.36) |
| TIRZ | 923,309 | - | (923,309) | (100.00%) |
| Total | \$ 23,132,822 | \$ 23,773,710 | \$ 610,047 | 2.64% |
| | | | | |
| General Fund w/o TIRZ | | 18,737,333 | 1,854,616 | 11.0% |
| General Fund w/o TIRZ & Debt | | 17,492,765 | 610,047 | 3.6% |

- Value of \$0.0025/100 = \$143,635

Item H-3 Average Home Impact

| | FY 2017-18 | June Est. | Cert. @ | Cert. @ |
|--------------------|------------|-----------|------------|-------------------|
| Tax Rate | \$0.42750 | \$0.42750 | \$0.42750 | \$0.413250 |
| Exemption | 8% | 8% | | 10% |
| Avg. Home Value | 329,840 | 349,585 | | 346,378 |
| Avg. Home Tax Bill | 1,410 | 1,494 | 1,481 | 1,431 |
| Per Month | 117.51 | 124.54 | 122.68 | 119.28 |
| At FY 14 Rate | 1,459 | 1,545 | | 1,531 |
| At FY 15 Rate | 1,442 | 1,528 | | 1,514 |
| At FY 16 Rate | 1,433 | 1,519 | | 1,505 |
| At FY 17 Rate | 1,418 | 1,503 | | 1,489 |

\$0.413250 vs. FY 14 Rate = \$122 savings or ~1 month of services

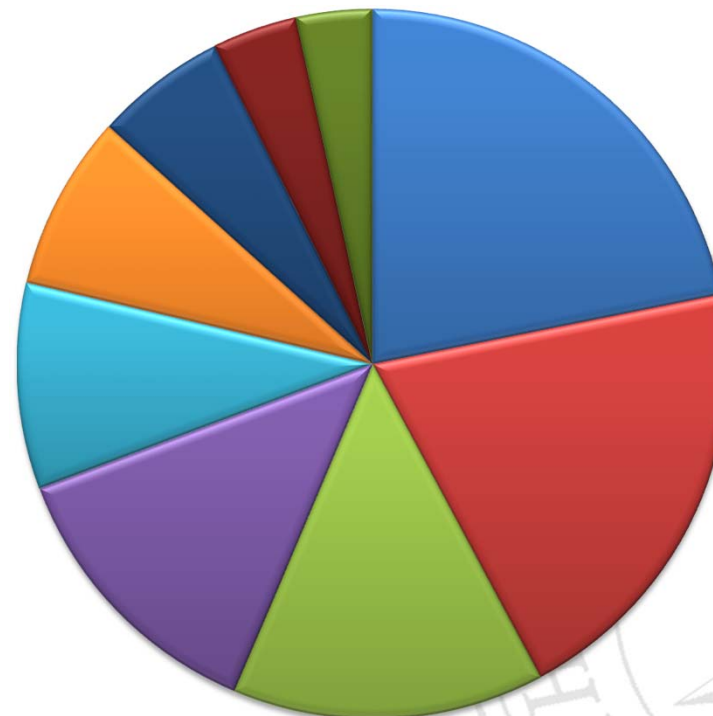
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Cost of City Services for Average Residential Taxpayer

Monthly Cost

| | |
|---------------|------------------|
| Police | 26.06 |
| Fire | 24.17 |
| General Govt. | 16.99 |
| Public Works | 15.39 |
| Debt Service | 11.19 |
| Parks & Rec | 9.58 |
| Non-Dept. | 7.15 |
| Library | 4.62 |
| Comm. Devel. | 4.13 |
| Total | \$ 119.28 |



- Police
- Fire
- General Govt.
- Public Works
- Debt Service
- Parks & Rec
- Non-Dept.
- Library
- Comm. Devel.

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Ad Valorem Expenditures

| Expenditure | On-Going Cost | One-Time Cost | Total Cost |
|---|-------------------|---------------------|---------------------|
| Senior Activity Center Design/Engineering * | \$ - | \$ 1,600,000 | \$ 1,600,000 |
| Johnson Road Reconstruction | - | 1,000,000 | 1,000,000 |
| Bear Creek - Whitley Roundabout | - | 925,000 | 925,000 |
| Compensation (0.89% impact) | 582,441 | - | 582,441 |
| Economic Development Digital Impact Project | - | 280,000 | 280,000 |
| Dump Truck - Replacement | 15,200 | 152,000 | 167,200 |
| Keller-Smithfield & Bear Creek Signal | - | 125,000 | 125,000 |
| Training Officer Vehicle - New | 5,236 | 36,653 | 41,889 |
| Recreation Software | 20,500 | - | 20,500 |
| Median Landscape Services | 20,000 | - | 20,000 |
| Fire SCBA Replacements | - | 16,713 | 16,713 |
| Construction Inspection Software | 11,650 | 2,940 | 14,590 |
| Council Cell Phone Allowance | 4,320 | - | 4,320 |
| Street Sweeper AVL | 1,000 | - | 1,000 |
| Total | \$ 660,347 | \$ 4,138,306 | \$ 4,798,653 |

* - No expenditures to be made until after voter approval

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Budget Timeline – Next Steps

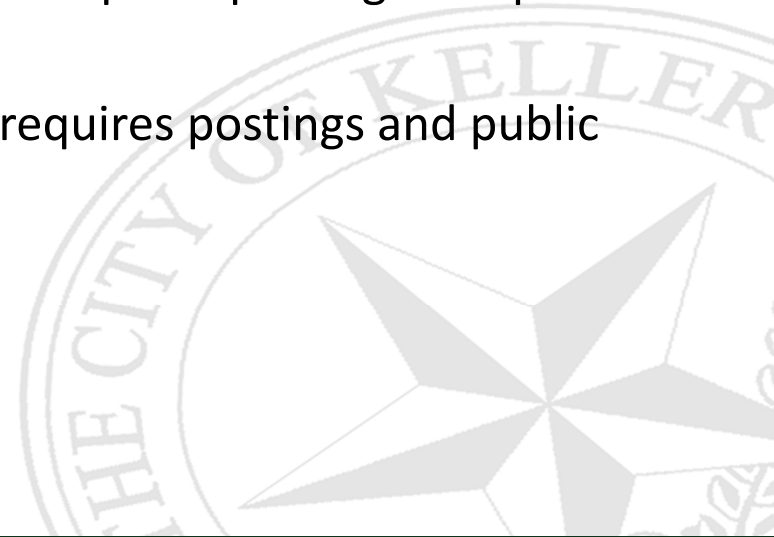
| Calendar Item | Date(s) |
|--|------------------------------|
| Vote on Homestead Exemption (8% to 10%) | June 19 |
| Proposed Budget Published | August 14 |
| Vote on Max Tax Rate | August 21 |
| Council Budget Work Session | August 28 |
| First Public Hearing on Tax Rate | September 4 |
| Second Public Hearing on Tax Rate | September 11 (SC) |
| Budget and Tax Rate Adoption | September 18 |
| Fiscal Year Begins | October 1 |

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Action Needed

Approve a Resolution:

- Setting maximum rate of \$0.413250
- Approve maximum rate at Effective Rate (\$0.413279)
- Approve maximum rate at Rollback Rate (\$0.413302) – requires postings and public hearings
- Approve maximum rate at Current Rate (\$0.42750) – requires postings and public hearings; is over the rollback rate
- Approve another rate as maximum rate





Questions?

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