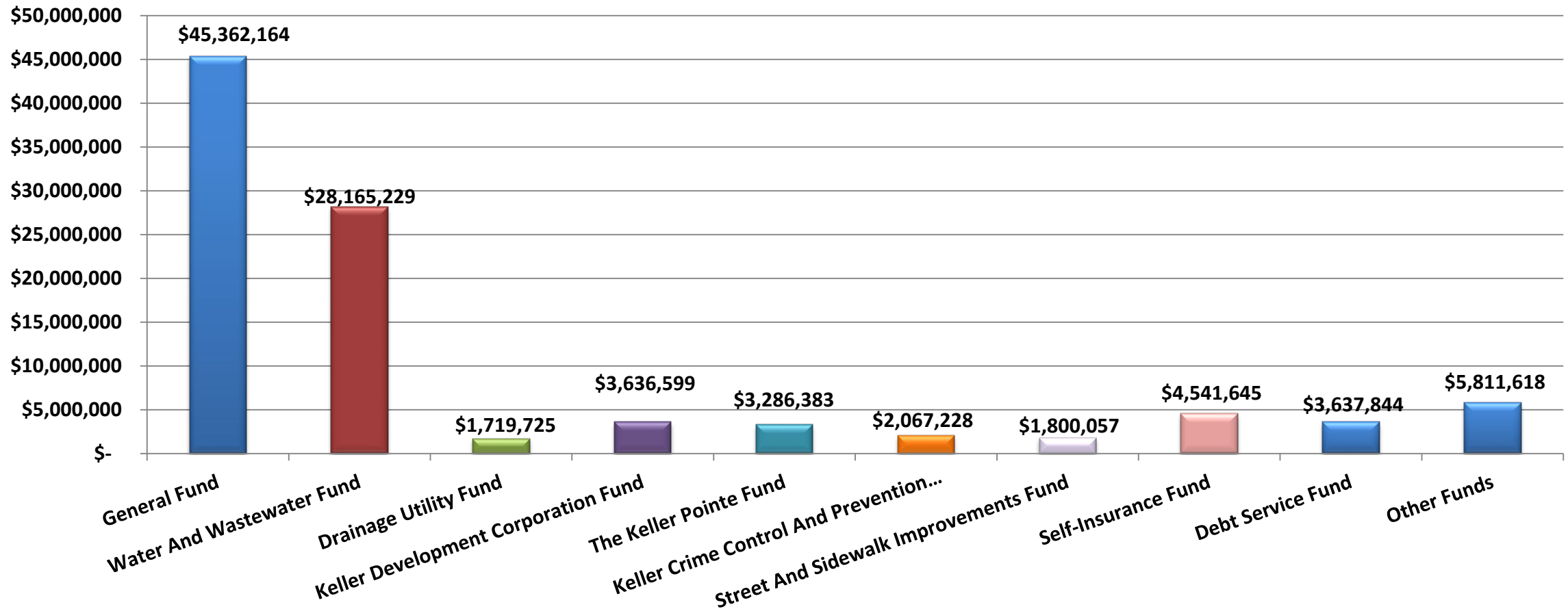


Item D-1

**Strategic Planning Budget Session –
Property Tax and
Proposed Budget Update**

FY 2021-22 City of Keller

Proposed Operating Budget \$100,028,492



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FY 2021-22 Proposed Budget

Revenue by Source

| Revenues | FY 2020-21 Budget | FY 2021-22 Proposed Budget | Budget Variance (\$) | Budget Variance (%) |
|-------------------------|----------------------|-------------------------------|-------------------------|------------------------|
| Property Taxes | \$ 23,718,635 | \$ 23,832,391 | \$ 117,756 | 0.48% |
| Sales Tax & Other Taxes | 17,366,747 | 18,757,343 | 1,390,596 | 8.01% |
| Licenses and Permits | 779,631 | 810,068 | 30,437 | 3.90% |
| Charges for Services | 36,401,106 | 42,027,469 | 5,626,363 | 15.46% |
| Intragovernmental | 1,939,624 | 1,860,697 | (78,927) | -4.07% |
| Fines and Fees | 1,497,252 | 1,413,690 | (83,562) | -5.58% |
| Development Fees | 200,150 | 179,073 | (21,077) | -10.53% |
| Intergovernmental | 3,495,175 | 3,609,882 | 114,707 | 3.28% |
| Other Revenues | 949,520 | 708,515 | (241,005) | -25.38% |
| Total Revenues | \$ 86,347,840 | \$ 93,199,128 | \$ 6,851,288 | 7.93% |

FY 2021-22 Proposed Budget

Expenditure by Category

| Expenditures | FY 2020-21 Budget | FY 2021-22 Proposed Budget | Budget Variance (\$) | Budget Variance (%) |
|---------------------------|----------------------|-------------------------------|-------------------------|------------------------|
| Personnel services | \$ 31,510,175 | \$ 32,764,021 | \$ 1,253,846 | 3.98% |
| Operations & maintenance | 6,905,894 | 6,033,595 | (872,299) | -12.63% |
| Services & other | 16,216,006 | 20,349,335 | 4,133,329 | 25.49% |
| Wholesale water purchases | 8,641,707 | 9,370,292 | 728,585 | 8.43% |
| Wastewater Services-TRA | 3,626,637 | 4,015,793 | 389,156 | 10.73% |
| Debt service | 9,044,620 | 9,000,967 | (43,653) | -0.48% |
| Transfers to other funds | 8,471,450 | 13,928,281 | 5,456,831 | 64.41% |
| Capital outlay | 1,949,433 | 4,566,208 | 2,616,775 | 134.23% |
| Total Expenditures | \$ 86,365,922 | \$ 100,028,492 | \$ 13,662,570 | 15.82% |

FY 2021-22 Proposed Budget

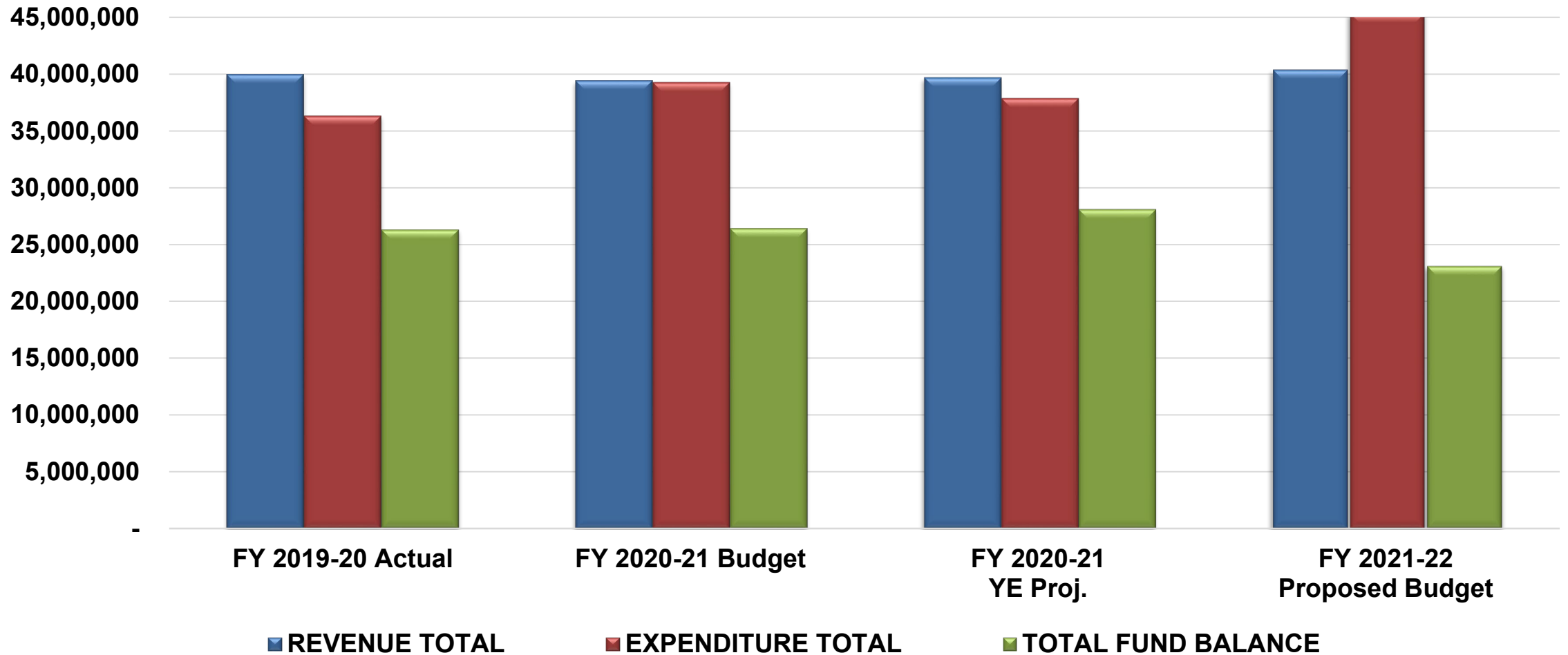
Expenditure by Fund

| Expenditures | FY 2020-21 Budget | FY 2021-22 Proposed Budget | Budget Variance (\$) | Budget Variance (%) |
|--|----------------------|-------------------------------|-------------------------|------------------------|
| General Fund | \$ 39,301,407 | \$ 45,362,164 | \$ 6,060,757 | 15.42% |
| Water And Wastewater Fund | 27,599,670 | 28,165,229 | 565,559 | 2.05% |
| Drainage Utility Fund | 1,844,721 | 1,719,725 | (124,996) | -6.78% |
| Keller Development Corporation Fund | 3,166,284 | 3,636,599 | 470,315 | 14.85% |
| Keller Crime Control And Prevention District Fund | 2,020,786 | 2,067,228 | 46,442 | 2.30% |
| Street And Sidewalk Improvements Fund | 1,526,609 | 1,800,057 | 273,448 | 17.91% |
| The Keller Pointe Fund | 2,921,346 | 3,286,383 | 365,037 | 12.50% |
| <i>Self-Insurance Fund</i> | - | <i>4,541,645</i> | <i>4,541,645</i> | |
| Debt Service Fund | 3,670,321 | 3,637,844 | (32,477) | -0.88% |
| Other Funds | 4,314,778 | 5,811,618 | 1,496,840 | 34.69% |
| Total Expenditures | \$ 86,365,922 | \$ 100,028,492 | \$ 13,662,570 | 15.82% |

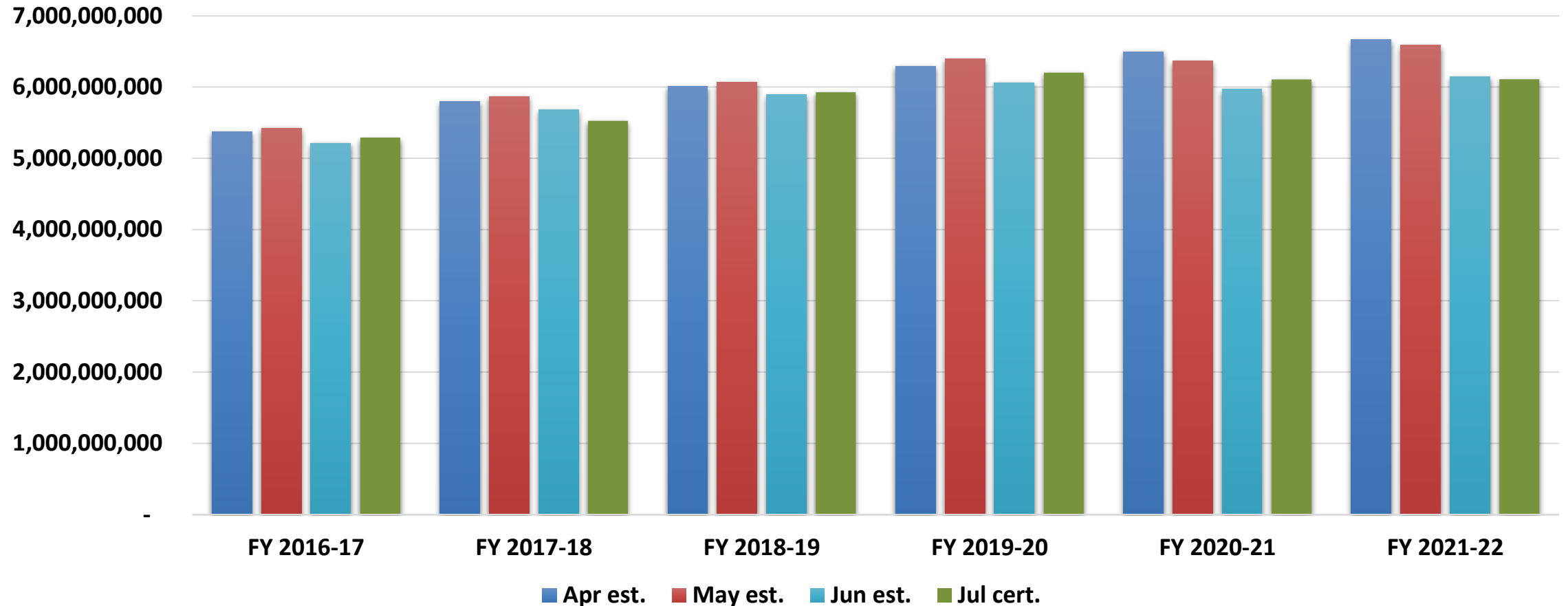
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FY 2021-22 Proposed Budget

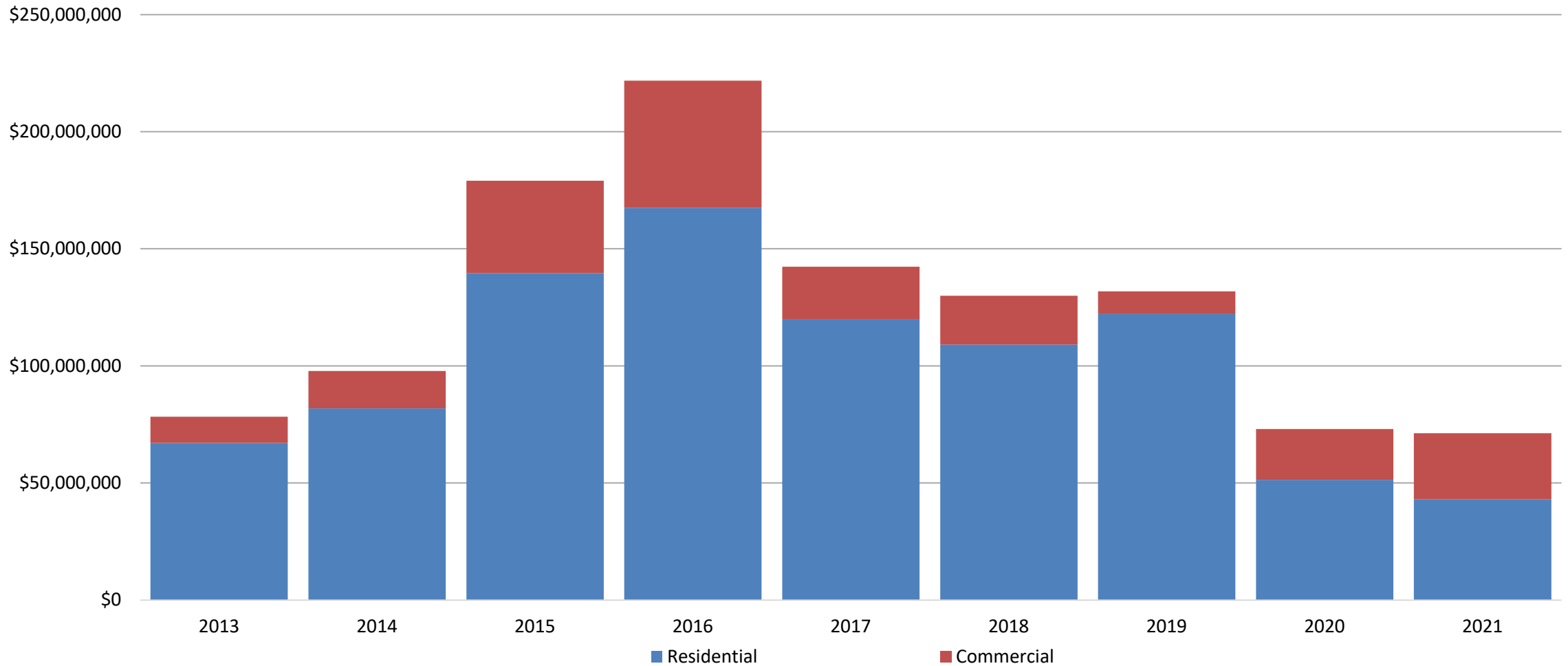
General Fund Overview



Property Tax Value – April thru Certified



New Construction



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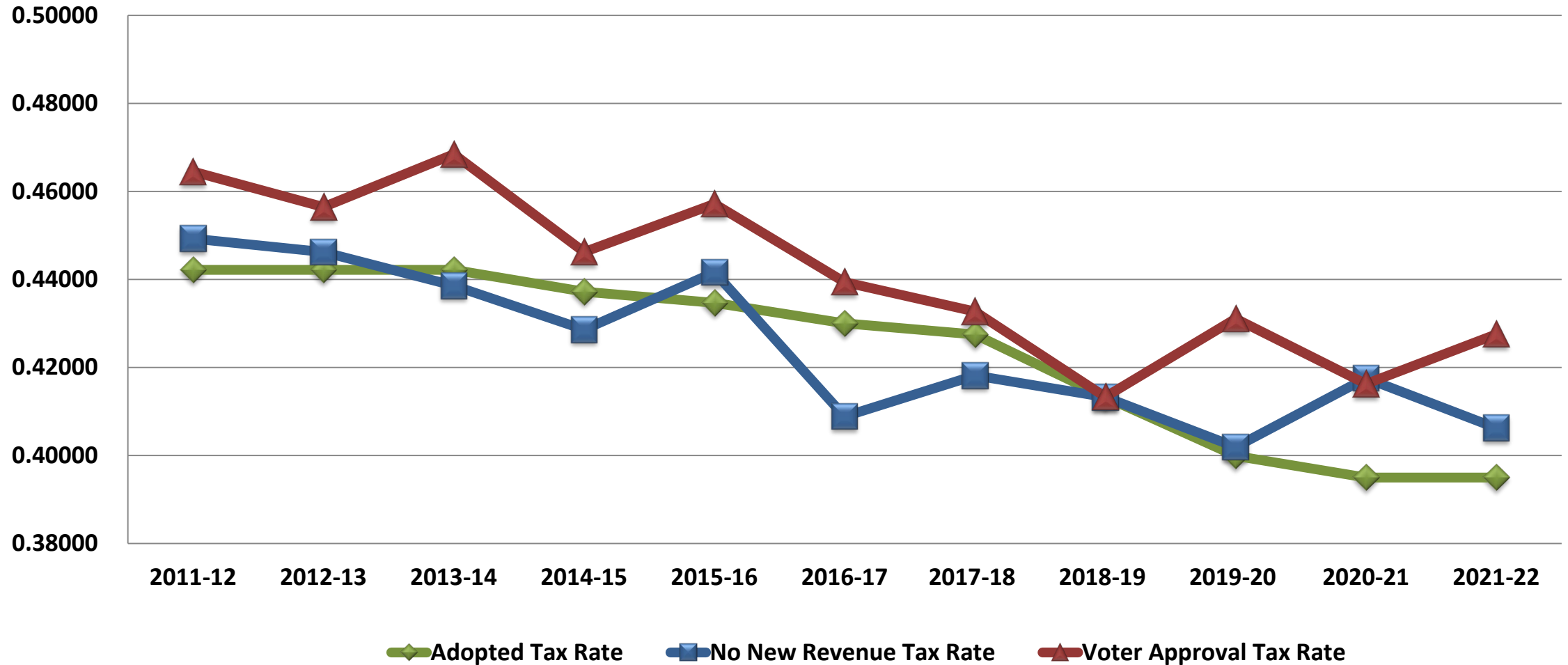
Levy with Certification

| | Current | June Estimate | Certification |
|----------------|---------------|---------------|----------------------|
| Adjusted Value | 6,008,353,326 | 6,222,058,171 | 6,045,915,406 |
| No-New-Revenue | 0.41759 | N/A | 0.406220 |
| Voter-Approval | 0.41628 | N/A | 0.427533 |
| City Rate | 0.3950 | 0.3950 | 0.3950 |
| Collection | \$23,582,462 | \$24,205,688 | \$23,706,216 |
| Vs. FY 2020-21 | - | 623,225 | 123,754 |
| New Levy | 290,303 | 330,320 | 281,397 |
| Existing Levy | (878,257) | 292,905 | (157,644) |

- Value of \$0.0025/100 = \$150,043

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Property Tax Rate History



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Tax Rate Options

| | FY 2020-21 Rate | FY 2021-22 Rate | <i>No New Revenue Rate</i> | <i>Voter-Approval Rate</i> |
|-----------------------------|-----------------|------------------|----------------------------|----------------------------|
| Tax Rate | \$0.3950 | \$0.3950 | \$0.406220 | \$0.427533 |
| Average Taxable Home | \$351,817 | \$347,898 | \$347,898 | \$347,898 |
| Avg. Home Tax Bill | 1,390 | 1,374* | \$ 1,412 | \$1,487 |
| Per Month | 115.81 | 114.52 | \$117.69 | \$123.95 |
| Change from FY 2020-21 (\$) | \$ - | (\$15.48) | \$23.55 | \$97.70 |

***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 | \$0.00000 | 1% | 1,904 |
| FY 2014-15 | \$0.43719 | (\$0.00500) | 1% | 1,882 |
| FY 2015-16 | \$0.43469 | (\$0.00750) | 1% | 1,871 |
| FY 2016-17 | \$0.43000 | (\$0.01219) | 4% | 1,795 |
| FY 2017-18 | \$0.42750 | (\$0.01469) | 8% | 1,710 |
| FY 2018-19 | \$0.41325 | (\$0.02894) | 10% | 1,617 |
| FY 2019-20 | \$0.39990 | (\$0.04229) | 12% | 1,530 |
| FY 2020-21 | \$0.39500 | (\$0.04719) | 14% | 1,477 |
| FY 2021-22 | \$0.39500 | (\$0.04719) | 20% | 1,374 |

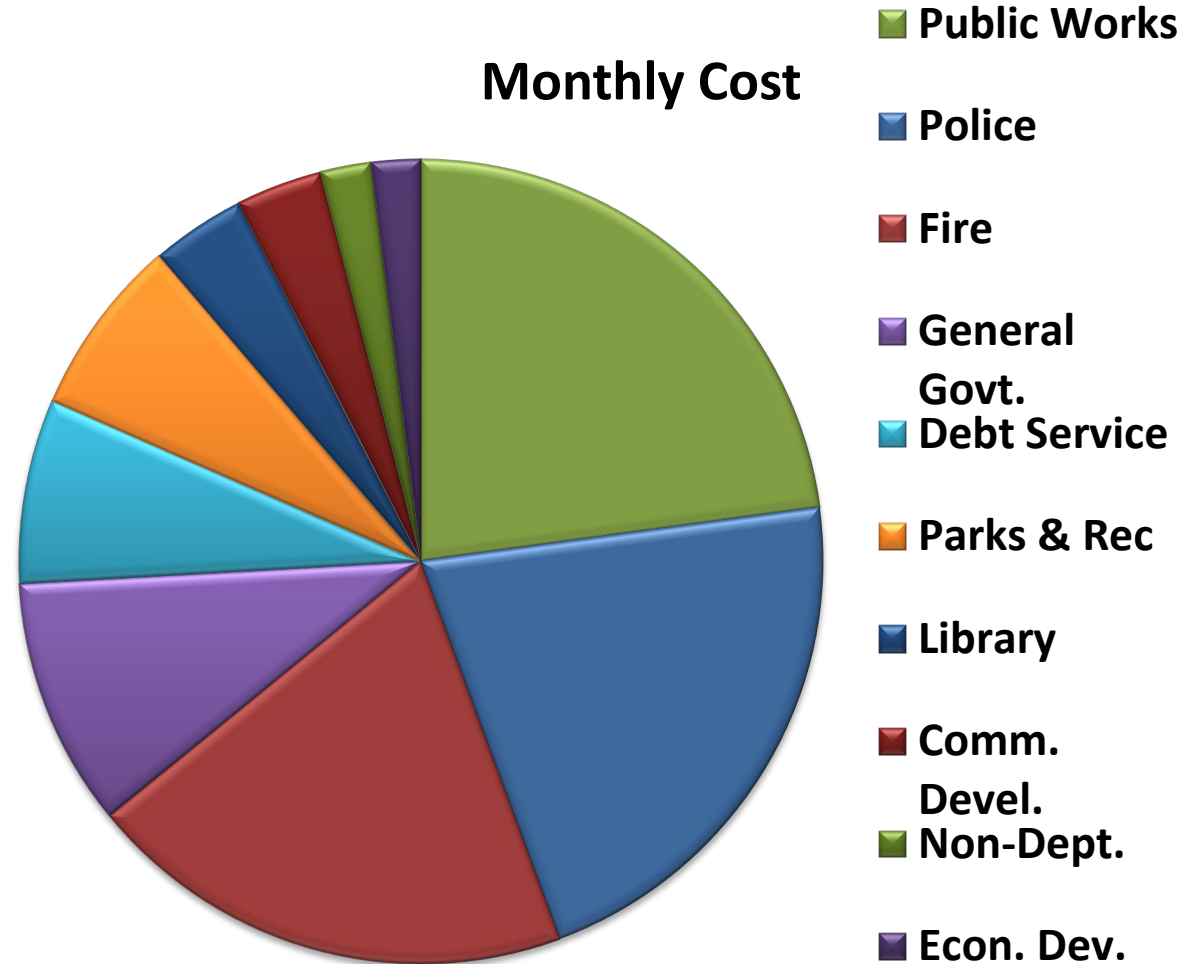
\$0.3925 & 20% Homestead Exemption vs. FY 14 Rate & 1% HS = \$529 savings or ~4.6 month of services

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Cost of City Services for Average Residential Taxpayer

| | |
|---------------------|------------------|
| <i>Public Works</i> | 26.18 |
| Police | 24.65 |
| Fire | 22.59 |
| General Govt. | 11.45 |
| Debt Service | 8.50 |
| Parks & Rec | 8.24 |
| Library | 4.33 |
| Comm. Devel. | 3.97 |
| Non-Dept. | 2.33 |
| Econ. Dev. | 2.27 |
| Total | \$ 114.52 |

Monthly Cost



Public Works = \$8.67 w/ one-time expenditures removed

FY 2021-22 Proposed Budget

General Fund Expenditure by Category

| Expenditures | FY 2020-21 Budget | FY 2021-22 Proposed Budget | Budget Variance (\$) | Budget Variance (%) |
|---------------------------|----------------------|-------------------------------|-------------------------|------------------------|
| Personnel services | \$ 24,802,085 | \$ 25,787,705 | \$ 985,619 | 3.97% |
| Operations & maintenance | 2,988,973 | 3,000,837 | 11,864 | 0.40% |
| Services & other | 8,877,912 | 8,582,898 | (295,014) | -3.32% |
| Transfers to other funds | 2,622,936 | 7,990,724 | 5,367,788 | 204.65% |
| Capital outlay | 9,500 | — | (9,500) | -100.00% |
| Total Expenditures | \$ 39,301,407 | \$ 45,362,164 | \$ 6,060,757 | 15.42% |

Growth = \$622,765 or 1.68% with one-times removed

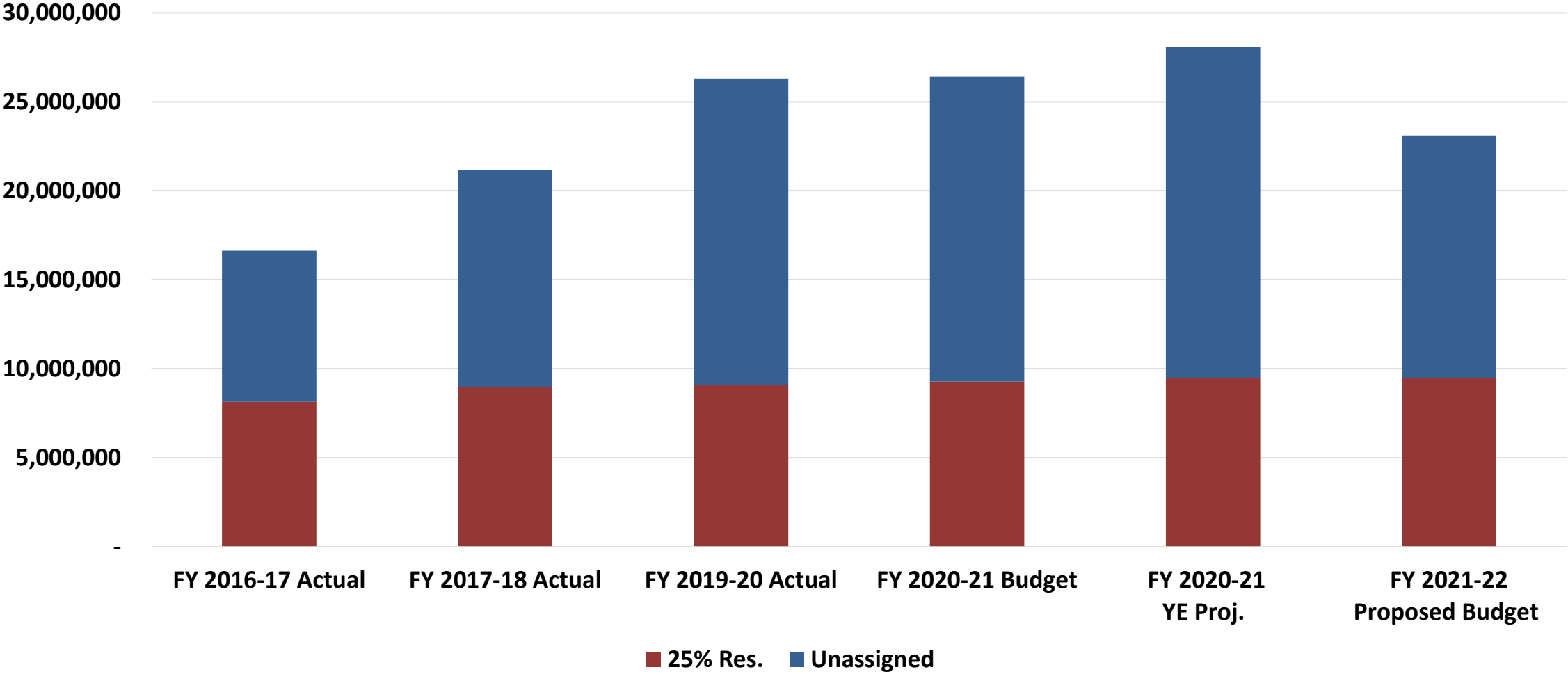
Ad Valorem Expenditures

| Expenditure | On-Going Cost | One-Time Cost | Total Cost |
|-------------------------------------|---------------------|---------------------|---------------------|
| Sidewalk Repair | \$ 250,000 | \$ 3,250,000 | \$ 3,500,000 |
| Shady Grove | - | 2,000,000 | 2,000,000 |
| Street Maintenance | - | 1,800,057 | 1,800,057 |
| Compensation | 905,024 | - | 905,024 |
| Bear Creek Erosion Study | - | 400,000 | 400,000 |
| Community Development Software | 3,000 | 62,000 | 65,000 |
| Detention Officer* | 64,834 | - | 64,834 |
| July 4 th Event | 50,000 | - | 50,000 |
| Emergency Siren Repair | - | 35,000 | 35,000 |
| Asphalt Tack Trailer | 3,200 | 28,800 | 32,000 |
| Message Board Trailer | 2,200 | 20,000 | 22,000 |
| Center Stage Commercial Plan Review | - | 20,000 | 20,000 |
| NETCOM Assistant Manager (Reclass)* | 15,761 | - | 15,761 |
| Total | \$ 1,294,019 | \$ 7,615,857 | \$ 8,909,876 |

*Cost split between regional partners

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General Fund Fund Balance

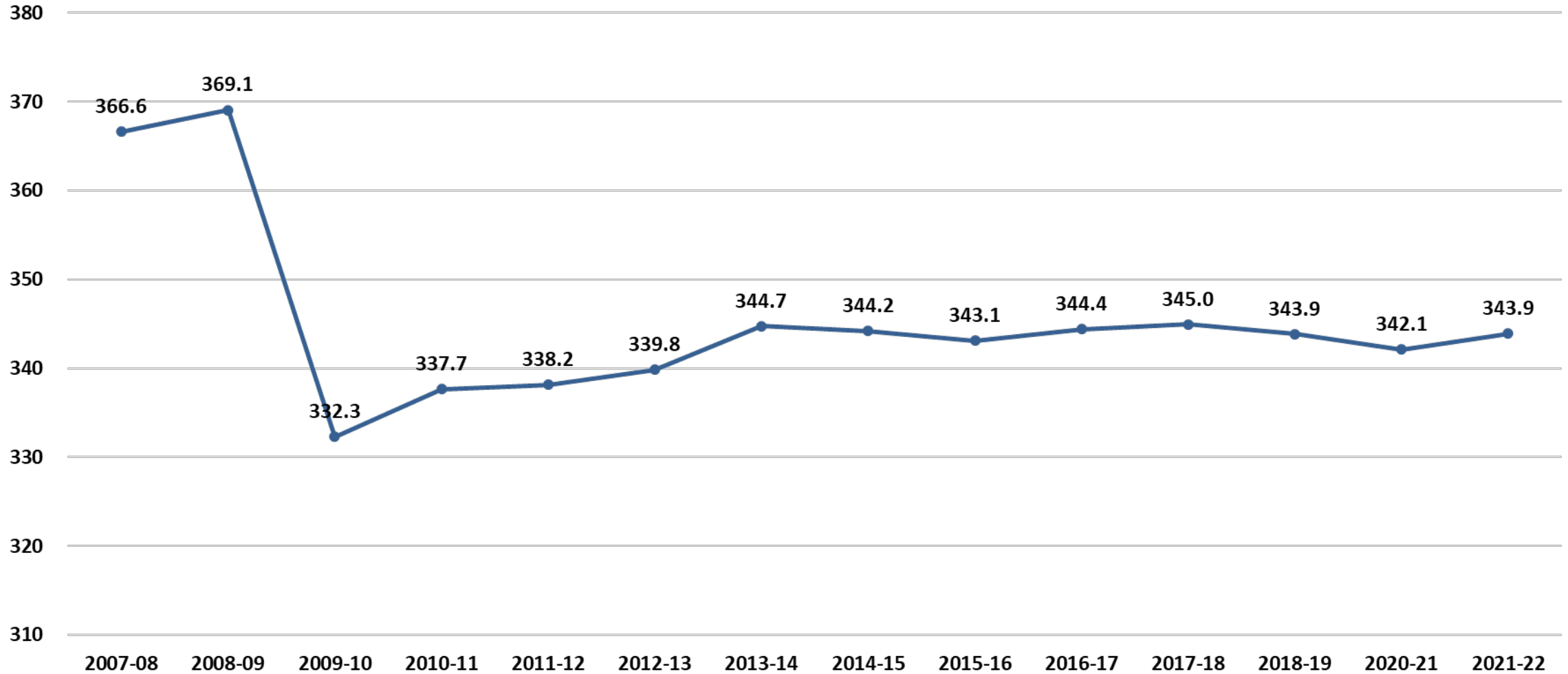


Compensation and Benefits

**Total General Fund Impact =
\$985,619 or 3.97%**

- Public Safety
 - Sustainable Step Plan (2% annually) (sworn/cert. only)
- Civilian
 - 4% Merit Increase (avoid compression)
- Market Adjustments = April date based upon economic factors
 - Public Safety 1.5-3% Market Adjustment
- Healthcare – Implemented Self-Insurance
- Dental Plan – 6%
- Increase 1.75 FTEs

FY 2021-22 Proposed FTEs



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FY 2021-22 CIP Highlights

- Sidewalk Maintenance Project = \$3.5M (General)
- Street Maintenance Project = \$3.6M (½ General, ½ Street Maint.)
- Bates Street Park = \$685K (KDC)
- Shady Grove Reconstruction = \$2M (General)
- Bear Creek Bridge Erosion = \$400K (General)
- Keller Sports Park Softball Parking Lot = \$790K (KDC)
- Chase Oaks Playground Replacement = \$110K (KDC)
- Tank Maintenance = \$2.35M (ARRA)
- Knox Tank Mixer = \$600K (W-WW)
- Cade Branch WW Capacity = \$3.361M (WW Impact)
- Shady Hollow Lift Station = \$140K (W-WW)
- Stream Bank Erosion Study = \$100K (Drainage)



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Essential Points for FY 2021-22 Budget

- An operationally balanced budget that meets City Council goals and directions (Strategic Goal 3.1)
- Increased Homestead Exemption, from 14% to 20% (3.4)
- Proposing Tax Rate under “No New Revenue” Rate (3.4)
- Total GF Personnel increase under 4% (5.3)
- Significant investment in streets and sidewalk infrastructure = \$9.1M (4.1, 4.2)
- Bates Street Park = \$685K (2.1)
- Detention Officer = \$30,123 (cost split between regional partners) (1.3)
- City water & wastewater rate adjustments by 1.5% (3.1)
- Fire Engine Replacement = \$1.4M (3.4)
- Maintains All Replacement Funding (3.4)

Budget Timeline – Next Steps

| Calendar Item | Date(s) |
|---|------------------------------|
| Vote on Homestead Exemption (14% to 20%) | June 15 |
| Proposed Budget Published | August 10 |
| Vote on Max Tax Rate | August 17 |
| Council Budget Workshop | August 26 |
| First Public Hearing on Tax Rate | September 7 |
| Second Public Hearing on Tax Rate | September 14 (SC) |
| Budget and Tax Rate Adoption | September 21 |
| Fiscal Year Begins | October 1 |



Questions?

Aaron Rector

817-743-4026

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