



**CITY OF BUNKER HILL VILLAGE**  
**CITY COUNCIL**  
**Agenda Request**

**Agenda Date:** September 15, 2020

**Agenda Item No:** V - B

**Subject/Proceeding:** PRESENTATION ON THE PROPOSED 2021 BUDGET

PUBLIC HEARINGS ON THE 2021 BUDGET AND  
THE 2020 PROPOSED PROPERTY TAX RATE

ADOPTION OF THE 2021 BUDGET AND 2020 TAX RATE

**Exhibits:** Public Hearing Notices  
Ordinance 20 - 530  
Ordinance 20 - 531  
2021 Budget – *as filed August 18, 2020*

**Clearance:** Karen Glynn, City Administrator/Acting City Secretary  
Claire Bogard, Interim Finance Director

### **Executive Summary**

The City Staff recognize that the annual budget process is the single most important financial responsibility of a local government. In accordance with the Local Government Code, Chapter 102, Texas cities are required to adopt an annual budget. The Texas Tax Code Section 26.05 requires cities that levy a property tax to approve their tax rate by September 30th or by the 60th day after the taxing unit receives the certified roll, whichever date is later regardless of the date their fiscal year starts.

A budget workshop was held with the Mayor and City Council on June 30, 2020 to present the assumptions; capital projects; draft financial statements and details; and priorities outlined for 2021. Pursuant to Senate Bill 2 and the Texas Tax Code, the City Council voted on August 7, 2020 to propose a tax rate of \$0.2770 as well as the tax rate allocation between debt service (\$0.045747) and M&O (\$0.231253) to support debt service, operations, and capital improvement program. The proposed truth-in-taxation tax rate calculations included:

Proposed Tax Rate	\$0.277000
No New Revenue Tax Rate	\$0.285236
Voter Approved Tax Rate	\$0.291300
De Minimis Tax Rate	\$0.305481

The budget was filed with the City Council on August 18, 2020 based on the proposed tax rate of \$0.27700. The proposed budget totals \$16.5 million; \$7.7 million for capital improvements; \$7.5 million for operating

expenditures/expenses, including police, fire, water/wastewater, and solid waste, and \$1.3 million for the City's annual debt service obligation. Public Safety accounts for 47% of the City's total operating budget and 74% of the City's General Fund operating budget.

The Capital Budget of \$7.7 million, includes the construction of a new water well to replace a 60-year old water well that has failed. The Capital Budget is funded with cash of \$2.4 million and the issuance of debt for the water well in the amount of \$5.3 million.

The budget balances the needs of the community, prepares for the future, and sustains operating costs as low as possible.

In accordance with the Local Government Code, the City is holding a public hearing at the September 15, 2020 Council Meeting to receive input from the public, either oral or written, regarding the 2020 proposed budget.

In accordance with Property Tax Code and Truth-in-Taxation, the City will also hold a public hearing on the proposed tax rate at the September 15, 2020 Council Meeting to receive input from the public on the proposed tax rate.

The notices of the public hearings were in the City's newspaper of record, on the City's website and bulletin board. The City has received no public comments to date.

The City will have the opportunity to take action on the 2021 Budget and Tax Rate.  
***Ordinance 20-530 Adopts the 2021 Budget which must be adopted first.***

CONSIDERATION AND APPROVAL OF ORDINANCE 20-530 ADOPTING THE CITY OF BUNKER HILL VILLAGE, TEXAS ANNUAL BUDGET FOR THE YEAR 2021, MAKING APPROPRIATIONS FOR THE CITY FOR SUCH YEAR AS REFLECTED IN SAID BUDGET; ESTABLISHING THE PROCEDURE FOR INTRA-BUDGET TRANSFERS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

***Specific record votes are required on the tax rate:***

***BY SEPARATE MOTION*** – CONSIDERATION AND APPROVAL OF THE 2020 PROPOSED MAINTENANCE AND OPERATING TAX RATE OF \$0.231253/\$100 OF ASSESSED VALUATION ON ALL AUTHORIZED PROPERTY WITHIN THE CITY TO FUND THE 2021 BUDGET.

***BY SEPARATE MOTION*** – CONSIDERATION AND APPROVAL OF THE 2020 PROPOSED DEBT SERVICE TAX RATE OF \$0.045747/\$100 OF ASSESSED VALUATION ON ALL AUTHORIZED PROPERTY WITHIN THE CITY TO FUND THE 2021 DEBT OBLIGATION.

***Ordinance No. 20-531 will adopt the full tax rate with the allocation as voted above:***

CONSIDERATION AND APPROVAL OF ORDINANCE 20-531 FOR THE ASSESSMENT, LEVY, AND COLLECTION OF AD VALOREM TAXES OF THE CITY OF BUNKER HILL VILLAGE, TEXAS, FOR THE YEAR 2020 AND FOR EACH YEAR THEREAFTER UNTIL OTHERWISE PROVIDED; PROVIDING THE RATE ON WHICH SUCH TAXES SHALL BE DUE AND PAYABLE; PROVIDING FOR PENALTY AND INTEREST ON ALL TAXES NOT TIMELY PAID; AND REPEALING ALL ORDINANCES AND PARTS OF ORDINANCES IN CONFLICT HERewith.

If City Council should propose to adopt a budget and a tax rate other than the proposed \$0.27700/100, then a motion to amend the Ordinance(s) and motions and to direct staff to make such change in the budget would need to be made and passed. Two alternative tax rates have been discussed with the Council over the budget development process.

The alternative options are included in the Appendix of the budget packet and will impact the O&M Tax Rate:

- *Option 1 -- \$0.2700*
  - *Reduce Transfer from General Fund to Capital Projects by \$100,000*
  - *Capital Projects fund balance reduced to \$602,000*
  
- *Option 2 -- \$0.2750*
  - *No changes to Capital Projects fund or transfer from Proposed Tax Rate*

<b>Tax Rate Allocation</b>	<b>Current Tax Rate</b>	<b>Tax Rate Option 1</b>	<b>Tax Rate Option 2</b>	<b>Tax Rate Option 3</b>
<b>DS Tax Rate</b>	0.046593	0.045747	0.045747	0.045747
<b>O&amp;M Tax Rate</b>	0.230407	0.224253	0.229253	0.231253
<b>Total Tax Rate</b>	0.277000	0.270000	0.275000	0.277000