



CITY OF ROWLETT CITY COUNCIL SPECIAL MEETING

Our Vision: A well-planned lakeside community of quality neighborhoods, distinctive amenities, diverse employment, and cultural charm. Rowlett: THE place to live, work and play.

Monday, September 14, 2020

7:30 P.M.

Municipal Building

As authorized by Section 551.071 of the Texas Government Code, this meeting may be convened into closed Executive Session for the purpose of seeking confidential legal advice from the City Attorney on any agenda item herein.

The City of Rowlett reserves the right to reconvene, recess or realign the Regular Session or called Executive Session or order of business at any time prior to adjournment.

Due to the public health emergency and to conform with the social distancing requirements, the City Council Chambers will have limited capacity. To provide comment for any agenda item, please send an email to CitizenInput@rowlett.com by 3:30 p.m. the day of the meeting.

The public can view live on the City's website (<https://www.ci.rowlett.tx.us/397/Streaming-Video>) or via RTN16.

1. **CALL TO ORDER**
2. **WORK SESSION**
 - 2A. Conduct a public hearing on the proposed budget for Fiscal Year 2021.
 - 2B. Conduct a public hearing (2nd) on the ad valorem tax rate for Fiscal Year 2021.
3. **TAKE ANY NECESSARY OR APPROPRIATE ACTION ON CLOSED/EXECUTIVE SESSION MATTERS**
4. **ADJOURNMENT**

Laura Hallmark

Laura Hallmark, City Secretary

I certify that the above notice of meeting was posted on the bulletin boards located inside and outside the doors of the Municipal Center, 4000 Main Street, Rowlett, Texas, as well as on the City's website (www.rowlett.com) on the 11th day of September 2020, by 5:00 p.m.

City of Rowlett City Council meetings are available to all persons regardless of disability. If you require special assistance, please contact the City Secretary at 972-412-6115 or write 4000 Main Street, Rowlett, Texas, 75088, at least 48 hours in advance of the meeting.

City of Rowlett ~ 4000 Main Street, Rowlett TX 75088 ~ www.rowlett.com



CITY OF ROWLETT COUNCIL AGENDA ITEM

AGENDA DATE: 09/14/2020

AGENDA ITEM: 2A

TITLE

Conduct a public hearing on the proposed budget for Fiscal Year 2021.

STAFF REPRESENTATIVE

Robert D. Cone, Budget Officer

EXECUTIVE SUMMARY

Section 102.006 of the Local Government Code requires that the governing body of a municipality hold a public hearing on the proposed budget. Any person may attend and may participate in the hearing. This hearing will be held on Monday, September 14, 2020. In addition, the City of Rowlett held a public comment period to provide the public an additional opportunity to speak on the Proposed Budget on Tuesday, August 18, 2020.

STRATEGIC PRIORITY AND GOAL(S)

Strategic Priority	Strategic Goal
 <p>GOVERN TRANSPARENTLY & INCLUSIVELY</p>	<p>1.6 Actively educate, engage, and communicate with the community through a variety of channels.</p>

BACKGROUND INFORMATION

The City Manager presented the proposed budget for Fiscal Year 2021 (FY2021) on August 4, 2020. State law requires that the governing body of a municipality shall hold a public hearing on the proposed budget. Any taxpayer of the municipality may attend and participate in the hearing. Public notice of the date, time and location of the hearing has been published in a newspaper of general circulation as required by state law. In addition, the City of Rowlett holds a public comment period to allow the public an additional opportunity to speak on the Proposed Budget.

The public comment period was held on August 18, 2020. This is the public hearing on the proposed budget for Fiscal Year 2021.

DISCUSSION

Section 102.006 of the Local Government Code requires that the governing body of a municipality shall hold a public hearing on the proposed budget. Any person may attend and may participate in the hearing. This hearing is being held on September 14, 2020.

As indicated, the City Manager presented the Fiscal Year 2021 Proposed Budget to the Rowlett City Council on August 4, 2020. Residents can view the City Manager’s Proposed Budget, the

presentation explaining the proposal, and a video of the FY2021 Proposed Budget highlights at the links below.

Proposed Budget: <https://www.ci.rowlett.tx.us/DocumentCenter/View/21301>

Presentation: <https://www.ci.rowlett.tx.us/DocumentCenter/View/21443>

Video: <https://youtu.be/yh0g02XNv8M>

The total FY2021 Proposed Budget is \$143.4 million. This is an increase of \$0.7 million compared to the FY2020 Adopted Budget of \$142.7 million. Increases in capital improvement and debt service expenditures represent the majority of this increase and have been partially addressed through targeted reductions in discretionary supply accounts. Specific fund level changes are outlined in the individual fund overviews, which can be found starting on page 56 of the budget proposal. The combined summary of revenues and expenses is included below.

The meeting to adopt the tax rate will be held on Tuesday, September 15, 2020.

FY2021 CITY OF ROWLETT BUDGET					
FY2021 COMBINED FUND SUMMARY					
Description	General Fund	Economic Development Fund	Debt Service Fund	Capital Improvements Funds	Utility Fund
Beginning Reserves	\$ 8,771,382	\$ 1,266,326	\$ 1,190,684	\$ 1,702,238	\$ 10,844,237
Operating Revenues:					
Tax Revenues	34,257,117	-	11,509,272	-	-
Franchise Fees	2,818,717	-	-	-	-
Licenses and Permits	950,282	-	-	-	-
Charges for Service	2,916,202	-	-	800,000	31,685,788
Fines and Forfeitures	611,757	-	-	-	-
Other	1,008,735	6,450	12,500	27,147,926	937,586
Total Operating Revenues	42,562,810	6,450	11,521,772	27,947,926	32,623,774
Other Sources:					
Transfers In	4,533,107	913,980	244,240	4,973,658	70,826
Total Revenues	47,095,917	920,430	11,766,012	32,921,584	32,694,600
Operating Expenses:					
Personnel Costs	33,981,456	428,071	-	-	3,178,046
Supplies	2,099,851	5,500	-	-	333,535
Purchase Services	8,647,130	486,859	100,000	-	16,286,590
Capital Outlay	156,750	-	-	32,921,584	-
Debt Service	-	-	11,883,208	-	4,833,950
Total Operating Expenses	44,885,187	920,430	11,983,208	32,921,584	24,632,121
Other Uses:					
Transfers Out	2,931,351	-	-	-	6,849,510
Total Expenses	47,816,538	920,430	11,983,208	32,921,584	31,481,631
Net Change	(720,621)	-	(217,196)	-	1,212,969
Ending Reserves	\$ 8,050,761	\$ 1,266,326	\$ 973,488	\$ 1,702,238	\$ 12,057,206

Refuse Fund	Drainage Fund	Vehicle Replacement Fund	Employee Benefits Fund	Other Governmental Funds	Combined Total
\$ 619,311	\$ 589,237	\$ 219,287	\$ 704,879	\$ 2,340,209	\$ 28,247,790
-	-	-	-	737,245	46,503,634
-	-	-	-	147,250	2,965,967
-	-	-	-	-	950,282
6,589,492	1,422,438	-	6,608,045	1,119,108	51,141,073
-	-	-	-	344,600	956,357
7,861	5,000	-	100	301,835	29,428,393
6,597,353	1,427,438	-	6,608,145	2,650,038	131,945,706
-	-	794,264	-	87,937	11,618,012
6,597,353	1,427,438	794,264	6,608,145	2,737,975	143,563,718
46,848	114,513	-	97,524	1,484,035	39,330,493
-	53,610	-	-	69,550	2,562,046
5,845,088	121,027	-	6,299,376	1,016,487	38,802,557
-	-	746,242	-	226,765	34,051,341
-	337,625	-	-	-	17,054,783
5,891,936	626,775	746,242	6,396,900	2,796,837	131,801,220
647,825	757,309	-	187,777	244,240	11,618,012
6,539,761	1,384,084	746,242	6,584,677	3,041,077	143,419,232
57,592	43,354	48,022	23,468	(303,102)	144,486
\$ 676,903	\$ 632,591	\$ 267,309	\$ 728,347	\$ 2,037,107	\$ 28,392,276

FINANCIAL/BUDGET IMPLICATIONS

N/A

RECOMMENDED ACTION

City staff recommends the City Council conduct a public hearing to allow the public the opportunity to express their views on the proposed budget.

At the conclusion of the public hearing, in compliance with Texas Local Government Code Section 102.007, official action by Council is required to postpone the vote to adopt the FY2021 Budget until Tuesday, September 15, 2020.



CITY OF ROWLETT COUNCIL AGENDA ITEM

AGENDA DATE: 09/14/2020

AGENDA ITEM: 2B

TITLE

Conduct a public hearing (2nd) on the ad valorem tax rate for Fiscal Year 2021.

STAFF REPRESENTATIVE

Robert D. Cone, Budget Officer

EXECUTIVE SUMMARY

Truth-in-taxation is a concept embodied in the Texas Constitution and the Tax Code that requires local taxing units to make taxpayers aware of tax rate proposals. When a proposed tax rate exceeds no-new-revenue (formerly 'effective') rate or the voter-approval (formerly 'rollback') rate, whichever is lower, the taxing unit's governing body must hold a public hearing to allow the public the opportunity to express their views on the proposed tax rate.

STRATEGIC PRIORITY AND GOAL(S)

Strategic Priority	Strategic Goal
 <p>GOVERN TRANSPARENTLY & INCLUSIVELY</p>	<p>1.6 Actively educate, engage, and communicate with the community through a variety of channels.</p>

BACKGROUND INFORMATION

There are four principles to truth-in-taxation:

- Property owners have the right to know about increases in their properties' appraised value and to be notified of the estimated taxes that could result from the new value.
- A taxing unit must publish its no-new-revenue and voter-approval tax rates before adopting an actual tax rate.
- A taxing unit must publish special notices and hold a public hearing before adopting a tax rate that exceeds the lower of the no-new-revenue or the voter-approval tax rate.
- If a taxing unit adopts a rate that exceeds the voter-approval rate, the registered voters of the taxing unit, at an election held for that purpose, must determine whether to approve the adopted tax rate. When increased expenditure of money by a taxing unit is necessary to respond to a disaster, including a tornado, hurricane, flood, wildfire, or other calamity, but not including a drought, that has impacted the taxing unit and the governor has declared any part of the area in which the taxing unit is located as a disaster area, an election is not required under this section to approve the tax rate adopted by the governing body for the year following the year in which the disaster occurs.

The no-new-revenue rate is a calculated rate that would provide the taxing unit with approximately the same amount of revenue it received in the year before on properties taxed in both years. If property values rise, the no-new-revenue tax rate will go down and vice versa. The voter-approval rate provides the taxing unit with approximately the same amount of tax revenue it spent the previous year for day-to-day operations, plus a three and one-half percent increase (or plus eight and one-half percent increase if the disaster provision is in effect) for those operations, in addition to sufficient funds to pay debt service in the coming year.

On June 16, 2020, Council opted into the Senate Bill 2 disaster provision by approving a resolution directing the City's Finance Director to calculate the voter-approval rate of the City in a manner provided for a special taxing unit (at a voter-approval rate of 8% instead of 3.5%) due to the declarations of disaster provided by the Governor of Texas and the President of the United States. The passing of this resolution requires the official tax rate to be calculated in this manner, however, it does not require Council to adopt this rate. The purpose of the calculation is to provide a "ceiling" – or the maximum rate – the Council can adopt without being subject to an automatic election at the November uniform election date.

The no-new-revenue rate and voter-approval rate were initially calculated by Dallas County using the required Texas Comptroller 2020 Tax Rate Calculation Worksheet and certified by the City's designated employee in compliance with Tax Code Sec.26.04 on August 4, 2020. The calculation at that time was based on certified "*estimate*" values provided by Dallas County Appraisal District (DCAD) and certified values provided by Rockwall County Appraisal District (RCAD).

The City Manager presented the proposed budget for Fiscal Year 2021 on August 4, 2020, based on a tax rate of \$0.747343. This City Manager's proposed tax rate at that time was below both the no-new-revenue rate of \$0.787935 and the voter-approval rate of \$0.838653, as calculated on August 4, 2020.

On August 10, a request for Council action to call two public hearings and provide direction to staff as to what tax rate to include as the Proposed Tax Rate in the required public tax rate notice was brought forth. As of the time of the August 10 meeting, the final Dallas County Appraisal District's (DCAD) property tax values had not yet been certified. Instead, the appraisal district had submitted a certified "*estimate*" because of the record number of protests. Due to COVID-19 related restrictions, the number of hearings that could be held daily had been limited. As a result, there were about \$864 million in tax value under protest in the DCAD only portion at the time DCAD certified their estimate on July 23rd. For reference, the tax value of amounts still under protest last year at the time the tax value was certified was only \$64 million. This current year certified estimate amount of \$893 million, which includes RCAD's protest values, was so large that it impacted the no new revenue rate and the voter approval rate by several pennies and would result with cities in Dallas County to publish tax rates higher than what otherwise would have been published. Below are the initial August 4 certified calculated rates and proposed notice rate provided to Council on August 10:

Description	FY2019 Adopted	FY2020 Adopted	FY2021 No-New-Revenue	FY2021 Voter-Approval	FY2021 Proposed Notice
Operations (O & M)	\$0.531131	\$0.537563	\$0.554403	\$0.605121	\$0.554403
Debt (I&S)	\$0.226042	\$0.219610	\$0.233532	\$0.233532	\$0.233532
Total	\$0.757173	\$0.757173	\$0.787935	\$0.838653	\$0.787935

To maintain the course of the FY2021 property tax rate adoption schedule, staff recommended a proposed tax rate of \$0.787935, including an operations and maintenance (O&M) tax rate of \$0.554403 and a debt service (I&S) tax rate of \$0.233532 per \$100 in taxable value for the purposes of discussion and consistency with the voter-approval rate calculation in the Texas Comptroller 2020 Tax Rate Calculation Worksheet at that time. Council provided a vote of approval for the recommendation. Because this rate did not exceed the lower of the certified no-new-revenue rate or voter-approval rate, the governing body was not required to vote to call for a public hearing on the tax rate. However, for full transparency surrounding the uncertainty of the certified values causing instability of the budget process, Council did vote to call for two public hearings, August 18 and September 14, to be held prior to the adoption of a tax rate. The first public hearing was held on August 18.

Subsequent to the July 23 certified estimate, DCAD had additional time to hold hearings on the protest properties, and released their certified values on August 20. While the updated protest values of \$358 million were still unusually high, using the updated August certified values provided a more accurate rate calculation. Thus, the no-new-revenue rate and voter-approval rate were recalculated by Dallas County using the required Texas Comptroller 2020 Tax Rate Calculation Worksheet and recertified by the City's designated employee in compliance with Tax Code Sec.26.04 on August 27, as shown in the table below.

Description	FY2020 Adopted	FY2021 City Manager Proposed Budget	FY2021 No-New-Revenue	FY2021 Voter-Approval
Operations (O & M)	\$0.537563	\$0.525408	\$0.520448	\$0.569048
Debt (I&S)	\$0.219610	\$0.221935	\$0.220309	\$0.220309
Total	\$0.757173	\$0.747343	\$0.740757	\$0.789357

On August 27, based on the recalculation of the tax rates, City Council took action to reset the Proposed Tax Rate and publish and advertise a proposed Fiscal Year 2021 tax rate of \$0.745000, consisting of an allocation of \$0.524691 to operations and maintenance (O&M) and \$0.220309 to debt service (I&S). Council's action did not approve the proposed tax rate of \$0.745000 or the

Fiscal Year 2021 proposed budget. The proposed tax rate does not necessitate the rate that Council will adopt; rather, it sets the maximum tax rate the Council will consider adopting. The proposed tax rate and Fiscal Year 2021 budget are subject to change until they are formally adopted by City Council at the Tuesday, September 15, regularly scheduled meeting.

These three FY2021 rates were published in the local newspaper, on the City's website, and on RTN16, the City's government access cable channel, as required by State law.

Description	FY2020 Adopted	FY2021 No-New-Revenue	FY2021 Voter-Approval	FY2021 Proposed Notice
Operations (O & M)	\$0.537563	\$0.520448	\$0.569048	\$0.524691
Debt (I&S)	\$0.219610	\$0.220309	\$0.220309	\$0.220309
Total	\$0.757173	\$0.740757	\$0.789357	\$0.745000

DISCUSSION

The State of Texas "Truth in Taxation" law requires that the City Council conduct a public hearing on its proposed ad valorem tax rate each year if such rate exceeds the no-new-revenue tax rate or the voter-approval rate, whichever is lower. The no-new-revenue tax rate shows the relationship between prior year's revenue and the current year's value. The voter approval rate is the maximum rate that can be applied without triggering an automatic election.

Since the proposed rate of \$0.745000 that Council elected on August 27 exceeds the no-new-revenue tax rate of \$0.740757, the governing body is required to vote to call for one public hearing on the tax rate. Council voted on August 10 to hold property tax rate hearings on August 18 and September 14.

Under Tax Code regulations, the September 14 public hearing on the tax rate is not permissible to be held virtually, and as such, is being held Monday, September 14, 2020 at 7:30pm in the Council Chambers located at 4000 Main Street., Rowlett, TX 75088. The public is invited to attend and make comments.

The meeting to adopt the tax rate will be held on Tuesday, September 15, 2020.

FINANCIAL/BUDGET IMPLICATIONS

N/A

RECOMMENDED ACTION

City staff recommends the City Council conduct a public hearing to allow the public the opportunity to express their views on the proposed tax rate. No official action is required after the public hearing.

At each hearing, the governing body must announce the date, time and place of the meeting at which it will vote on the tax rate. The City of Rowlett will vote on the tax rate on September 15, 2020 at 7:30pm. The meeting to adopt the tax rate is permissible to be held virtually. Due to the public health emergency and to conform with the social distancing requirements, the City Council meetings will be held via teleconferencing. The public can view live on the City's website (<https://www.ci.rowlett.tx.us/397/Streaming-Video>) or via RTN16 and call in to provide comment during the public hearing. Meeting specific phone-in information will be published on their respective agendas.