Approving the annual budget is the most important function of your City Council, Months of preparation are involved each year - we take our fiduciary responsibility very seriously.

Fiscal Year 2020 Budget – A Growing Community

Approving the annual budget and determining the resulting tax rate is the most important function of your City Council and we take it very seriously. It is imperative that we utilize your tax dollars in a fiscally responsible manner to bring value to our citizens and our community. We understand that our citizens, along with all residents across North Texas, have experienced appreciated Central Appraisal District home valuations resulting in significant increases to property tax bills. Did you know that only approximately 26% of your property taxes stay in Rowlett to fund the local services that impact you day in and day out? Over 50% of your property taxes funds the school district and approximately 23% funds the county, hospital, and community college services. Even though we were recently named the 8th fastest growing City in the United States within our population range, we have historically operated an incredibly lean organization as evidenced by being named the 5th leanest local government in North Texas. We are happy to report that the proposed budget anticipates maintaining our current actual tax rate of $.757173 per $100 of taxable value. Your local tax dollars fund our extensive City services including Police and Fire, Infrastructure Improvements and Maintenance, Public Works, Parks, and the Library for only $4.15 per day for the average Rowlett resident.

I am excited to report that we are lowering the monthly base water rate for our residents! Despite a 2.4% increase in cost from our water provider (North Texas Municipal Water District), and modest increases in our sewer and refuse costs by our suppliers, our average residential customer will realize a monthly savings equivalent to nearly two cents on the property tax rate.

Public safety is a strategic priority for our growing community, so another highlight of this budget provides for the addition of 8 police officers and 1 dispatcher to address an increasing response time on priority one calls – our most critical level. The budget also funds our annual grant match of a three-year grant to add 9 firefighter/paramedics to fully staff Fire Station #4. With new development underway in every corner of our city, we must meet the needs presented by this growth head on.

I appreciate our citizens’ interest in learning about the FY 2020 Proposed Budget, lots more information can be found on the following pages. The City Council will vote to approve an ordinance formally adopting the Fiscal Year 2020 Budget on Tuesday, September 17 – and once adopted, the budget will go into effect on October 1.

Mayor Tammy Dana-Bashian

City of Rowlett
4000 Main Street
Rowlett, TX 75088
972-412-6100
www.rowlett.com
Rowlett ranks #8 nationally in the US Census Bureau’s list of the Fastest-Growing Large Cities With Populations of 50,000 or More! The metroplex now knows what Rowlett citizens have known for years – Rowlett is an incredible community in which to live, work, and play.

Rowlett is realizing a remarkable community transformation. None of this would be possible without the visionary approach taken by the community leaders, residents and business owners who participated in the development of Realize Rowlett 2020, the City’s Comprehensive Land Use Plan implemented in 2011 and updated in 2019 – our vision:

“Balance Rowlett’s growth with its small town feel to provide a place with affordable and diverse housing, quality restaurants and retail, and major employers; while caring for its existing neighborhoods and maintaining its roads and infrastructure.”

A Growing Community
As a result of the City Council’s recent budget work sessions, the total FY 2020 City Manager’s Revised Proposed Budget is $142.7 million.

This is an increase of $3.3 million compared to the FY2019 Adopted Budget of $139.4 million. We anticipate raising more total property taxes than last year’s budget by $3.4M, including $1.5M attributable to new property added to the tax roll this year. The combination of appreciated tax values and new growth is providing opportunities to address aging infrastructure, revitalize neighborhoods, improve public safety, and enhance our community amenities and assets.

Village of Rowlett, Homestead at Liberty Grove, Mansions on the Lake, The Vineyards, Towers at Bayside, Terra Lago, Harmony – these are just a few of the new projects that have been built or are in the process of being built. In addition, Baylor Scott & White Medical Center – Lake Pointe built a $35 million expansion last year, adding 32 beds and space to address the medical needs of our community. Add in new retail on Lakeview Parkway completed or in progress including Panera Bread, Sprouts Farmers Market, Chiloso Mexican Bistro, Panda Express, 24 Hour Fitness, Spec’s Wine Spirits and Finer Foods, and many more - you can see Rowlett is growing by leaps and bounds.

And to top off the growth over the past few years, we can now see our future south of IH-30 – Sapphire Bay! Sapphire Bay will add nearly one billion dollars in private and public investment providing recreational amenities such as a surf and beach club and Crystal Lagoons water feature; public amenities such as a resort and conference center; world-class marina; and retail/office space. Sapphire Bay will be more than a destination - it will be an experience.

In 2018, the City adopted its Strategic Plan, which encompasses the City’s vision, mission, core values, strategic priorities and goals.

Our Strategic Plan provides the passion supporting our mission, which recognizes our true purpose – to serve. While developing the FY 2020 budget we focused on those elements in direct alignment with our Strategic Plan to provide guidance and wisdom when considering competing needs.
Fiscal Year 2020 Priorities and Highlights

**Water Rate Reduction Equivalent to Two Cents on the Tax Rate**

While the cost of water continues to skyrocket across North Texas, we are doing everything in our power in Rowlett to minimize the impact of the high cost of water. As a result of a newly adopted capital investment strategy for water and sewer infrastructure, we are lowering the monthly base water rate for residential customers by $5.50 (and not increasing our current volume rates) resulting in savings for our residents. Combined with modest increases in the sewer rate and refuse rate due to increased costs from our suppliers, the net reduction for the average Rowlett resident will be $3.16 per month, equivalent to nearly two cents on the property tax rate. The new capital investment strategy aligns capital spending with the useful life of the water and sewer infrastructure improvements while continuing to provide sufficient investment in our system. This strategy allows us to reduce water rates for our customers despite continued cost increases from our supplier, the North Texas Municipal Water District (NTMWD). After nearly ten years of 10% cost increases from the NTMWD, we will incur an increase of 2.4% in the coming year, less than half of what NTMWD had originally planned. And even better, the NTMWD communicated that future rate increases will approximate 5% rather than the 10% originally anticipated.

**Proposed Monthly Residential Rate Fees for Fiscal Year 2020:**

<table>
<thead>
<tr>
<th>Base Rates</th>
<th>Volume Rate for Sewer</th>
<th>Volume Rates for Water</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water - $22.00</td>
<td>$5.62 per 1,000 gallons up to monthly max of 10,000 gallons</td>
<td>0 to 3,000 gallons - $4.61 per 1,000 gal.</td>
</tr>
<tr>
<td>Storm Water Management - $5.50</td>
<td></td>
<td>3,001 to 15,000 gallons - $5.76 per 1,000 gal.</td>
</tr>
<tr>
<td>Sewer - $22.81</td>
<td></td>
<td>15,001 and above - $7.20 per 1,000 gal.</td>
</tr>
<tr>
<td>Trash (1 Trash/1 Recycle) - $18.92</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintenance Fee-Pavement - $3.00</td>
<td></td>
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</tr>
</tbody>
</table>

**Staffing - Addition of 14 and 1/2 Employees**

Rowlett runs a very lean and efficient operation, all while providing an excellent level of city services. In 2017, Rowlett was identified in the top five ranked cities in North Texas with the leanest local governments, at 77 employees per 10,000 residents. The average in the DFW area at that time was 98 employees per 10,000 residents. This means fewer resources for police, fire, parks and recreation, far less than cities like Garland (106), Plano (117), Richardson (124) and Grapevine (187). A high level of financial stewardship has provided financial flexibility to maintain such a lean government however, adding additional staff is critical to being able to meet the needs of our growing population.

In FY 2020, 14 and 1/2 positions will be added – eight of those police officers to address an increasing response time on priority one calls – our most critical level, and to meet the needs of our growing community. Additionally, a Communications Officer (dispatch) and an Assistant Fire Chief position will be added. In the critical area of Information Technology, we will be adding an IT Manager and investing in Cyber Security measures critical to safeguard our systems in this era of increasing levels of Cybercrime.

The City received a three-year grant last year to fund nine firefighters to complete our staffing for Fire Station #4, to manage call volume and to serve a growing population. While the grant will save the City $1.5 million over the three-year period, Rowlett must cover 25% of the costs of these positions in years one and two (FY 2019 and FY 2020), 65% of the cost in year three (FY 2021), and 100% beyond that. The FY 2020 Budget provides for the continued implementation of our pay plan to maintain our employee base at market salaries. The City must maintain a competitive salary structure in order to minimize employee turnover and continue to provide superior services to the citizens of Rowlett.

Rowlett is a service organization. It takes people to make an impact in the lives of our citizens and customers. We must continue to retain and hire additional staff if we are going to accomplish our mission!
In May 2018, Rowlett voters approved a $59.9 million bond program. This bond program was triggered, in part by the recognition that annual bond payments were going to decline and that the City could issue $59.9 million in bonds for streets and alleys, park improvements, and public safety without increasing the actual tax rate.

**Capitol Investment**

The 2018 bond election provided funding for many projects, including park improvements, streets and alleys and facilities. Phase two neighborhood improvements for Lake Country Estates are underway, as well as projects in Dalrock Estates and Highland Meadows. For year two, the 2018 bonds add additional funding of $4.1 million to expand Miller Road from the railroad tracks to Dalrock Road and $1.9 million to begin the process of widening Chiesa Road from Dalrock Road to Miller Road, funding for right turn lanes at various locations, enhancement to the City’s trail system, and improvements to water and sewer facilities.

- Funding for improvements to the following parks were included in year one (FY 2019) and continue in year two (FY 2020) of the 2018 bond proceeds:
  - Herfurth Park Phase I (currently in design);
  - Community Park (field upgrades, scoreboards, sidewalk);
  - Sports Field Construction (baseball/soccer fields);
  - Lakefront at Pecan Grove (parking lot improvements & lakefront amenities);
  - Wet Zone (new slide, lighting, sound system & playground);
  - Waterview Golf Course (complete green & retaining wall renovation);
  - Trails;
  - Environmental Learning Center.

**Property Tax Exemptions and Tax Freezes**

Property tax exemptions and tax freezes provided in Rowlett are some of the most beneficial in the area. In FY 2020, homestead, veterans, disabled, and over 65 exemptions will total $251 million in property tax valuation. When combined with the over 65 tax freeze of $274.4 million, the total impact of exemptions and the freeze totals a reduction in taxable property values of $525.4 million. This represents $4.0 million in tax revenue that will be removed from the tax rolls and therefore, not available to meet the needs of a growing population. This is equivalent to 7.4 cents on the tax rate.

We value our seniors! Rowlett was recently named one of “10 Great Small Towns to Retire” in US News & World Report. Rowlett is one of the few cities in Dallas County to provide a tax freeze for citizens over 65. While the provision of the over 65 exemption and the senior tax freeze significantly reduces our property tax revenue, we understand the need to provide our seniors with significant property tax relief in this time of escalating property valuations. Seniors receive a benefit equivalent to 5.46 cents on the tax rate as a result of the over 65 exemption and the senior tax freeze.

Rowlett is one of only SEVEN cities in Dallas County to provide a Senior Tax Freeze

The City of Rowlett adopted the Over 65 Tax Freeze in 2004. In addition, the City of Rowlett provides a $30,000 tax exemption to seniors over 65.

The Over 65 Tax Freeze is important for seniors because it sets the maximum amount of property taxes they pay each year to the City of Rowlett over their lifetime. This is a benefit to all seniors over 65 and a huge plus for those on a fixed income.

Once an individual homeowner becomes 65, the homeowner’s taxable value is reduced by the $30,000 Over 65 Tax Exemption and the resulting lower property tax bill becomes permanently “capped”.

The Over 65 Tax Freeze is based on the amount of property taxes paid at the time the homeowner becomes 65, not on the property value. This amount forms the permanent cap. This benefit is permanent for as long as the taxpayer owns the home.
The daily property tax cost for a taxable home value of $200,000 is $4.15. That is a little more than the price of a Starbucks coffee. Far less than the everyday cost of items like your cable bill, electricity, or a movie.

The average cost of home security, at $1.93 per day, results in the security service calling 911 on behalf of the homeowner when an issue arises. The actual people who show up to help you, your police and fire departments, only cost residents $1.57 per day!

Property Tax Rate

After two straight years of tax rate reductions, Rowlett needs to strategically weigh additional tax rate reductions against capital infrastructure needs, vital staffing needs, critical public safety investments and enhanced public amenities - all necessary investments in a growing community. The FY 2020 Proposed Budget also includes the negative impact from the loss of a major sales taxpayer who moved their purchasing operations out of Rowlett, and unfunded mandates from the Texas Legislature. Together, these total $1M, which is equivalent to just under 2 cents on the property tax rate.

Despite these challenges, the FY 2020 Proposed Budget recommends maintaining our current actual tax rate of $.757173 per $100 of taxable value.

The Value of Your City Services

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As the economy continues to grow and new investment is added to the tax base, the City of Rowlett will be positioned to meet the needs of our growing community and provide for the financial stability and continued sustainability of the high level of service the citizens of Rowlett expect and deserve.