

The background of the slide is a dense field of 3D-rendered numbers in various shades of blue and white. The numbers are scattered across the frame, creating a sense of depth and movement. Some numbers are larger and more prominent, while others are smaller and recede into the background. The overall effect is a vibrant, data-oriented aesthetic.

Tax Rate and Services

City of Harker Heights

Proposed Tax Rate

- ◆ The City has proposed a tax rate of \$0.6519 for FY 21/22
 - ◆ The property tax rate is comprised of \$0.5063 for maintenance and operation; and
 - ◆ \$0.1456 of the rate goes to the City's Debt Service (Interest and Sinking)
- ◆ The City's no new revenue rate (the rate that would produce the same amount of revenue as the previous fiscal year) is \$0.6305.
- ◆ The City's Voter Approval rate is \$0.6727
- ◆ Per HB 3195's calculations the City will raise \$665,294 more than the previous fiscal year or 4.9%. 31.5% of this amount comes from new growth and the remainder from appraisal increases.

So Why Is \$0.6519 Proposed?

The tax rate is a very important consideration of Council.

Last years tax was \$0.6770 and the Council could have selected as high as \$0.6727 for FY 21/22.

Council settled on \$0.6519, but why?

The tax rate, while important, is not the only consideration that Council must look at.

Council must balance the tax rate against the services that citizens desire and other issues that impact the City's ability to provide services.

100% DV Exemption Impact



2010 – TAX YEAR THAT 100% DV
EXEMPTIONS STARTED



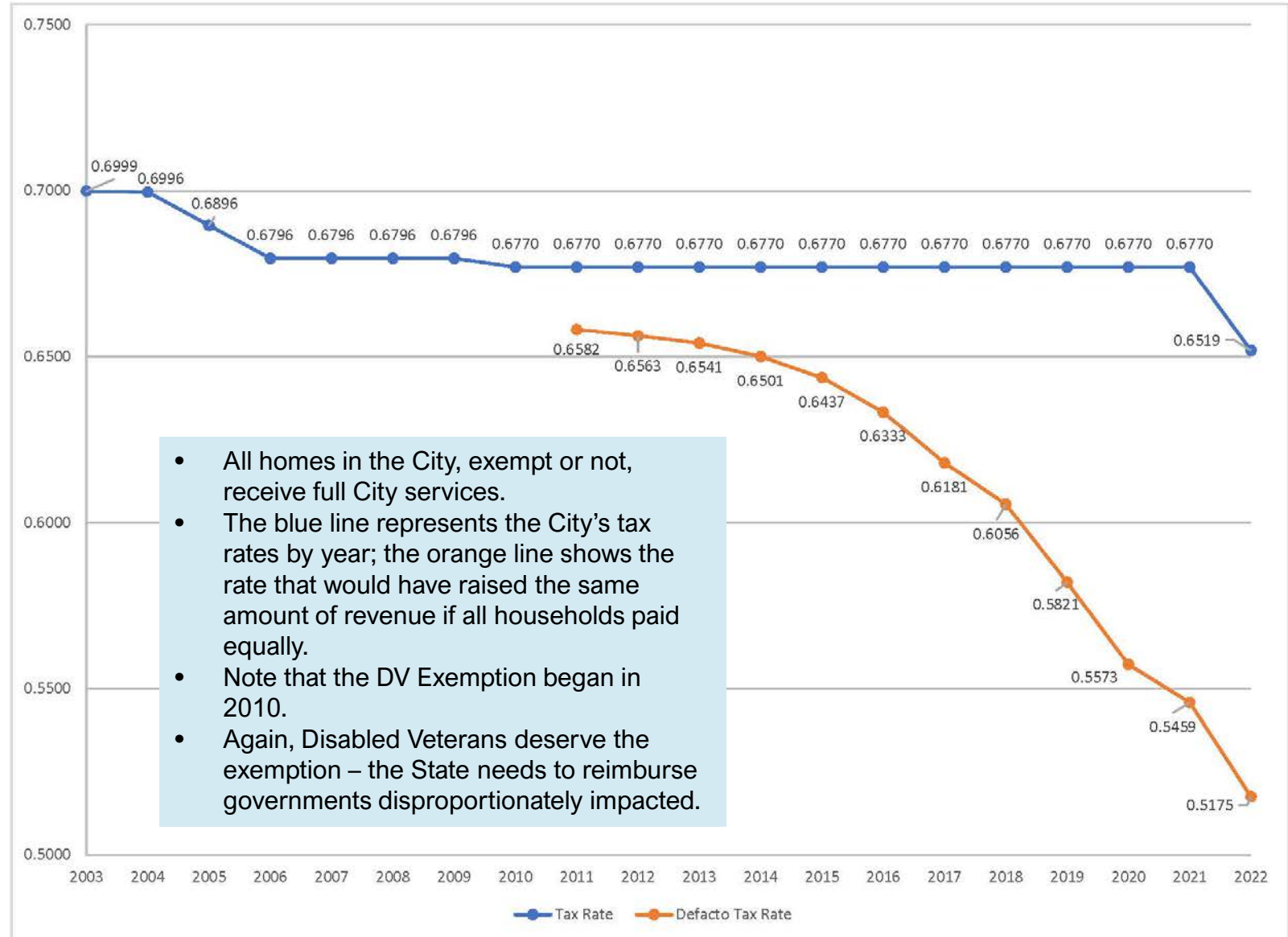
\$14,283,822 IS THE CUMULATIVE
AMOUNT OF PROPERTY TAX THE
CITY HAS FOREGONE SINCE 2010



\$2,915,468 IS THE DV EXEMPTION
IMPACT ON THE FY 21/22
BUDGET

Disabled Veterans deserve the exemption. The State mandated the exemption and should make it equitable for all local governments by reimbursing those disproportionately impacted.

Impact on the City's Tax Rate



Service Impacts

– Police Department

- ◆ 41k, 39k, and 38 k are the number of calls for service for the PD over the past 3 years.
- ◆ 1,764 are the estimated number of cases that will be filed with the CID this year.
- ◆ 1.6 is the number of officers per 1,000 residents
- ◆ 2.4 is the number of officers per 1,000 residents nationally
- ◆ 2008 is the year the PD was built. It is almost at capacity. Adding more space is estimated at \$5,000,000.





Service Impacts – Fire Department

- ◇ 11, 10, 9 and 8 minutes are the respective response times for a fire truck to reach the following streets: Shoreline, Highview, Eagle Ridge, and High Oak.
- ◇ \$4,000,000 is the approximate cost to construct Fire Station 3. This does not include equipment costs.
- ◇ \$1,000,000 is the approximate cost to operate Station 3 annually.

Service Impacts - Parks

2013 – LAST YEAR THAT PARKLAND WAS ADDED IN THE CITY

CARL LEVIN BATHROOM PROJECT WAS THE BIGGEST PARK IMPROVEMENT MADE SINCE 2013

19 % WAS THE CITY'S POPULATION GROWTH SINCE 2010, ON PAR WITH AUSTIN WHICH GREW AT 21 %

Service Impacts - Streets

151 – linear miles
of City Streets

\$650,000 – cost to
reconstruction one
linear mile of street

\$2 million –
approx. amount
needed to fully
fund the City's
Street
Improvement
Program

\$1.3 million – the
average amount
spent annually
over the last 4
years on the Street
Improvement
Program

Service Impacts - Fleet

\$10.5 million – estimated value of the City's Fleet

The City has not been able to fund a fleet rotation program. Equipment is evaluated each year to see if the City can get another year out of it and only those in dire need are replaced.

Police Department uses the “hot seat” process for patrol cars. When one shift ends the next shift gets in the cars used by the previous shift. The cars are used almost 24/7.

Reserves

- ◇ \$11 million – Governmental Fund Reserves
 - ◇ \$5.6 million is the 3-month reserve requirement
 - ◇ \$5.4 million is unencumbered reserve
- ◇ \$3.6 million – Proprietary Fund Reserves
 - ◇ \$2.1 million is the 3-month reserve requirement
 - ◇ \$1.5 million is unencumbered reserve

Reserves and Uses

\$2.5 million is the amount of the Governmental Fund Reserve needed for winter storm road repairs.

Pay as you go – the City can use unencumbered reserves for large long lasting capital projects instead of borrowing for those projects.

The City's bond rating is excellent given the strong financial management of the City and the reserves for emergency or capital use.

5 Year Plan indicates that reserves will be almost down to the reserve requirement indicating that the City will be using reserves to offset revenue shortages over the next 5 years.

American Rescue Plan Act (ARPA)

\$8,000,000 is the approximate amount the City will receive in ARPA funds.

2026 is the year at which ARPA monies must be expended.

Strings – ARPA monies have guidelines as to how they can be spent

*“...every
community gets the
kind of law
enforcement it
insists on.”* Robert
Kennedy

*“...every
community
gets the kind
of City it
insists on.”*
(paraphrase
of Robert
Kennedy's
quote)

Conclusion

- ◆ Tax rates are important. The tax rate is significant to all taxpayers and the City's staff and Council should always attempt to balance services with the lowest possible tax rate.
- ◆ Council cannot operate in a vacuum with just the tax rate however, they must also attempt to meet the demands and desires of citizens – all while balancing that against the total tax burden on citizens.
- ◆ DV Exemptions have been a difficult road for the City in terms of revenue impact.
- ◆ Most of the service items presented in this presentation require additional funding to address.
- ◆ The proposed FY 21/22 budget and tax rate of .6519 do not fix the issues presented here. The City will continue to be lean in PD, FD, Streets, Parks and Fleet. The Council and staff have worked hard over the past years to try to ensure that we don't fall farther behind in these key areas and that is way this budget proposes to continue to do.
- ◆ Can the rate be cut further? Absolutely, it can. It is important to note that further cuts in the tax rate will have impacts on the services we have mentioned. It is not a matter of if tax rates can be lowered. It is a matter of what level of services versus investment in those services we desire as a City.
- ◆ The hard work for the Council is balancing the needs of a growing citizenry against the cost of providing those services.