



# City of Killeen

## Agenda

### City Council

Tuesday, August 1, 2023

5:00 PM

City Hall  
Council Chambers  
101 N. College Street  
Killeen, Texas 76541

#### SPECIAL CITY COUNCIL MEETING

#### Call to Order and Roll Call

___ Debbie Nash-King, Mayor	___ Jessica Gonzalez
___ Ramon Alvarez	___ Jose Segarra
___ Michael Boyd	___ Joseph Solomon
___ Nina Cobb	___ Riakos Adams

#### Approval of Agenda

#### Citizen Comments

*This section allows members of the public to address the Council regarding any item(s), other than a public hearing item, on the agenda for Council's consideration. Each person shall sign up in advance, may speak only one time, and such address shall be limited to four (4) minutes. A majority of the City Council is required for any time extensions. The Mayor and Councilmembers shall have one (1) minute to respond to citizen comments with a statement or explanation without engaging in dialogue.*

#### Public Hearings

1. [PH-23-043](#) HOLD a public hearing on the proposed Fiscal Year 2024 Annual Budget.

Attachments: [Presentation](#)

#### Resolutions

2. [RS-23-120](#) Consider a memorandum/resolution setting the preliminary tax rate for the FY 2024 Annual Budget and setting the date to hold a public hearing.

Attachments: [Presentation](#)

#### Adjournment

*I certify that the above notice of meeting was posted on the Internet and on the bulletin board at Killeen City Hall on or before 5:00 p.m. on July 28, 2023.*

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Laura J. Calcote, City Secretary

*The public is hereby informed that notices for City of Killeen meetings will no longer distinguish between matters to be discussed in open or closed session of a meeting. This practice is in accordance with rulings by the Texas Attorney General that, under the Texas Open Meetings Act, the City Council may convene a closed session to discuss any matter listed on the agenda, without prior or further notice, if the matter is one that the Open Meetings Act allows to be discussed in a closed session.*

*This meeting is being conducted in accordance with the Texas Open Meetings Law [V.T.C.A., Government Code, § 551.001 et seq.]. This meeting is being conducted in accordance with the Americans with Disabilities Act [42 USC 12101 (1991)]. The facility is wheelchair accessible and handicap parking is available. Requests for sign interpretive services are available upon requests received at least 48 hours prior to the meeting. To make arrangements for those services, please call 254-501-7717, City Secretary's Office, or TDD 1-800-734-2989.*

## **Notice of Meetings**

*The Mayor and/or City Council have been invited to attend and/or participate in the following meetings/conferences/events. Although a quorum of the members of the City Council may or may not be available to attend this meeting, this notice is being posted to meet the requirements of the Texas Open Meetings Act and subsequent opinions of the Texas Attorney General's Office. No official action will be taken by Council.*

*• Killeen Police Department Graduation & Swearing-In Ceremony, August 25, 2023, 10:00 a.m., Killeen Conference & Civic Center*

**Dedicated Service -- Every Day, for Everyone!**



# City of Killeen

## Staff Report

File Number: PH-23-043

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HOLD a public hearing on the proposed Fiscal Year 2024 Annual Budget.

**DATE:** August 1, 2023

**TO:** Kent Cagle, City Manager

**FROM:** Miranda Drake, Assistant Director of Finance

**SUBJECT:** Public Hearing on Proposed Fiscal Year 2024 Annual Budget

### **BACKGROUND AND FINDINGS:**

The City of Killeen provides opportunities for public input throughout the budget process. The Local Government Code, City Charter, and Financial Governance Policy require one public hearing be held prior to the adoption of the budget. The public hearing is an opportunity for citizens to express their thoughts and opinions on the proposed budget. Citizens are encouraged to be present and participate in the public hearing.

On July 11, 2023, the City Manager presented the proposed Fiscal Year 2024 Annual Budget to the City Council. At that meeting, City Council set the date of August 1, 2023 to hold a public hearing on the proposed budget. The City Charter states City Council may change the proposed budget following the public hearing. If the change to the budget involves inserting additional items or increasing the budget, another public hearing must be held prior to making the change.

### **THE ALTERNATIVES CONSIDERED:**

N/A

**Which alternative is recommended? Why?**

N/A

### **CONFORMITY TO CITY POLICY:**

This conforms to requirements set forth in the Local Government Code, Section 102.006; City Charter, Article V, Section 55; and Financial Governance Policy III(F).

### **FINANCIAL IMPACT:**

**What is the amount of the expenditure in the current fiscal year? For future years?**

N/A

**Is this a one-time or recurring expenditure?**

N/A

**Is this expenditure budgeted?**

N/A

**If not, where will the money come from?**

N/A

**Is there a sufficient amount in the budgeted line-item for this expenditure?**

N/A

**RECOMMENDATION:**

City Council hold the public hearing on the proposed Fiscal Year 2024 Annual Budget.

**DEPARTMENTAL CLEARANCES:**

Finance  
Legal

**ATTACHED SUPPORTING DOCUMENTS:**

N/A

# FY 2024 Proposed Budget Public Hearing

## August 1, 2023



**CITY OF KILLEEN, TEXAS**

# City Council Budget Discussion Schedule

Key Dates	Date
Budget Delivery & Presentation	July 11
Special City Council Workshop (if requested by City Council)	July 18
Budget Public Hearing 1 of 1 (2, if necessary)	August 1
Set proposed tax rate by taking record vote	August 1
Budget Public Hearing 2 of 2 (2, if necessary)	September 5
Tax Rate Public Hearing Adoption of: <ul style="list-style-type: none"> <li>• Budget</li> <li>• Ratify Tax Revenue Increase</li> <li>• Set Tax Rate (including I&amp;S and M&amp;O rates)</li> </ul>	September 12



<b>Funds</b>	<b>Projected Beginning Fund Balance</b>	<b>FY 2024 Revenues</b>	<b>FY 2024 Expenditures</b>	<b>Change in Fund Balance</b>	<b>Projected Ending Fund Balance</b>	<b>Fund Balance Reserve</b>
General Fund	\$ 28,263,622	\$ 120,329,340	\$ 120,329,340	\$ -	\$ 28,263,622	24.14%
Water & Sewer Fund	9,534,262	48,223,203	48,223,203	-	9,534,262	21.03%
Solid Waste Fund	5,008,517	24,476,776	24,476,776	-	5,008,517	22.21%
Drainage Utility Fund	1,225,937	5,255,698	5,255,698	-	1,225,937	25.75%
Aviation Funds	1,384,908	4,163,928	4,695,513	(531,585)	853,323	18.17%
Golf Enterprise Fund	-	1,611,320	1,557,275	54,045	54,045	3.47%
Debt Service Fund	3,157,118	16,704,355	17,793,386	(1,089,031)	2,068,087	11.62%
Street Maintenance Fund	7,849,421	9,896,738	6,133,450	3,763,288	11,612,709	189.33%
Hotel Occupancy Tax	1,546,531	3,961,641	4,149,737	(188,096)	1,358,435	32.74%
Other Special Revenues	5,354,608	9,650,873	11,171,131	(1,520,258)	3,834,350	34.32%
Capital Projects Funds	14,557,363	14,474,455	20,933,704	(6,459,249)	8,098,114	38.68%
Fleet Services	306,371	1,990,216	1,990,216	-	306,371	15.39%
Health Insurance	4,233,308	7,999,901	7,999,901	-	4,233,308	52.92%
Information Technology	691,913	5,570,263	6,076,534	(506,271)	185,642	3.06%
Risk Management	310,880	1,685,157	1,685,157	-	310,880	18.45%
<b>Subtotal Funds</b>	<b>83,424,759</b>	<b>275,993,864</b>	<b>282,471,021</b>	<b>(6,477,157)</b>	<b>76,947,602</b>	
Less Interfund Activity	-	(38,307,706)	(38,816,340)	508,634	508,634	
<b>Total Funds</b>	<b>\$ 83,424,759</b>	<b>\$ 237,686,158</b>	<b>\$ 243,654,681</b>	<b>\$ (5,968,523)</b>	<b>\$ 77,456,236</b>	



# City of Killeen

## Staff Report

File Number: RS-23-120

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Consider a memorandum/resolution setting the preliminary tax rate for the FY 2024 Annual Budget and setting the date to hold a public hearing.

**DATE:** August 1, 2023

**TO:** Kent Cagle, City Manager

**FROM:** Miranda Drake, Assistant Director of Finance

**SUBJECT:** Setting the Preliminary Tax Rate and Set Date for Tax Rate Public Hearing

### **BACKGROUND AND FINDINGS:**

Truth-in-taxation laws require the governing body to publish notice and hold a public hearing if a proposed tax rate exceeds the lower of the no-new-revenue tax rate or the voter-approval rate. The following tax rates per \$100 valuation are relevant to the proposed FY 2024 Budget:

No-New-Revenue Rate	0.5473
Notice and Hearing Rate	>0.5473
Proposed Budget Rate	0.6208
Current Rate	0.6233
Voter-Approval Rate	0.7075

The City Council must set a preliminary tax rate for the proposed FY 2024 Budget. The preliminary tax rate is the maximum tax rate that may be adopted for the FY 2024 Budget. The final tax rate may be equal to or lower than the preliminary tax rate. The final tax rate may not be higher than the preliminary tax rate.

If the preliminary tax rate is equal to or less than 0.5473, the City Council must take a record vote and a public hearing on the preliminary tax rate is not required.

If the preliminary tax rate exceeds 0.5473, the City Council must take a record vote and schedule a public hearing on the preliminary tax rate. The City Manager's proposed FY 2024 Budget is predicated on the proposed budget rate of 0.6208. Setting the preliminary tax rate at the 0.6208 requires a public hearing since it is higher than 0.5473.

The Notice of Public Hearing must run at least five (5) days prior to the public hearing on the tax rate. The public hearing is scheduled for September 12, 2023, and the tax rate is scheduled to be adopted the same day. In accordance with State law, the governing body may vote on the



proposed tax rate at the public hearing and requires that the tax rate be adopted no later than seven (7) days after the public hearing.

**THE ALTERNATIVES CONSIDERED:**

Setting the preliminary tax rate at:

- 1. No-New-Revenue Rate - 0.5473
- 2. Proposed Budget Rate - 0.6208
- 3. Current Rate - 0.6233
- 4. Voter-Approval Rate - 0.7075

**Which alternative is recommended? Why?**

City Council set the preliminary tax rate equal to the proposed budget rate of 0.6208. The City Manager's proposed FY 2024 Budget is predicated on the proposed budget rate of 0.6208. The chart below illustrates the budget impact of setting the preliminary tax rate at the different alternatives:

Tax Rate	Property Tax Revenue	Difference from Budgeted Rate
No-New-Revenue Rate 0.5473	\$57,114,830	(\$7,246,092)
Proposed Budget Rate 0.6208	\$64,360,922	\$ -
Current Rate 0.6233	\$64,607,388	\$246,466
Voter-Approval Rate 0.7075	\$72,908,354	\$8,547,431

**CONFORMITY TO CITY POLICY:**

This recommendation meets Truth-in-Taxation laws as set forth in the Texas Property Tax Code.

**FINANCIAL IMPACT:**

**What is the amount of the expenditure in the current fiscal year? For future years?**

Not applicable

**Is this a one-time or recurring expenditure?**

Not applicable

**Is this expenditure budgeted?**

Not applicable

**If not, where will the money come from?**

Not applicable

**Is there a sufficient amount in the budgeted line-item for this expenditure?**

Not applicable

**RECOMMENDATION:**

City Council set the preliminary tax rate at \$0.6208.

**DEPARTMENTAL CLEARANCES:**

Finance

Legal

**ATTACHED SUPPORTING DOCUMENTS:**

N/A

**FY 2024  
Proposed Budget  
Setting Preliminary Tax Rate  
August 1, 2023**

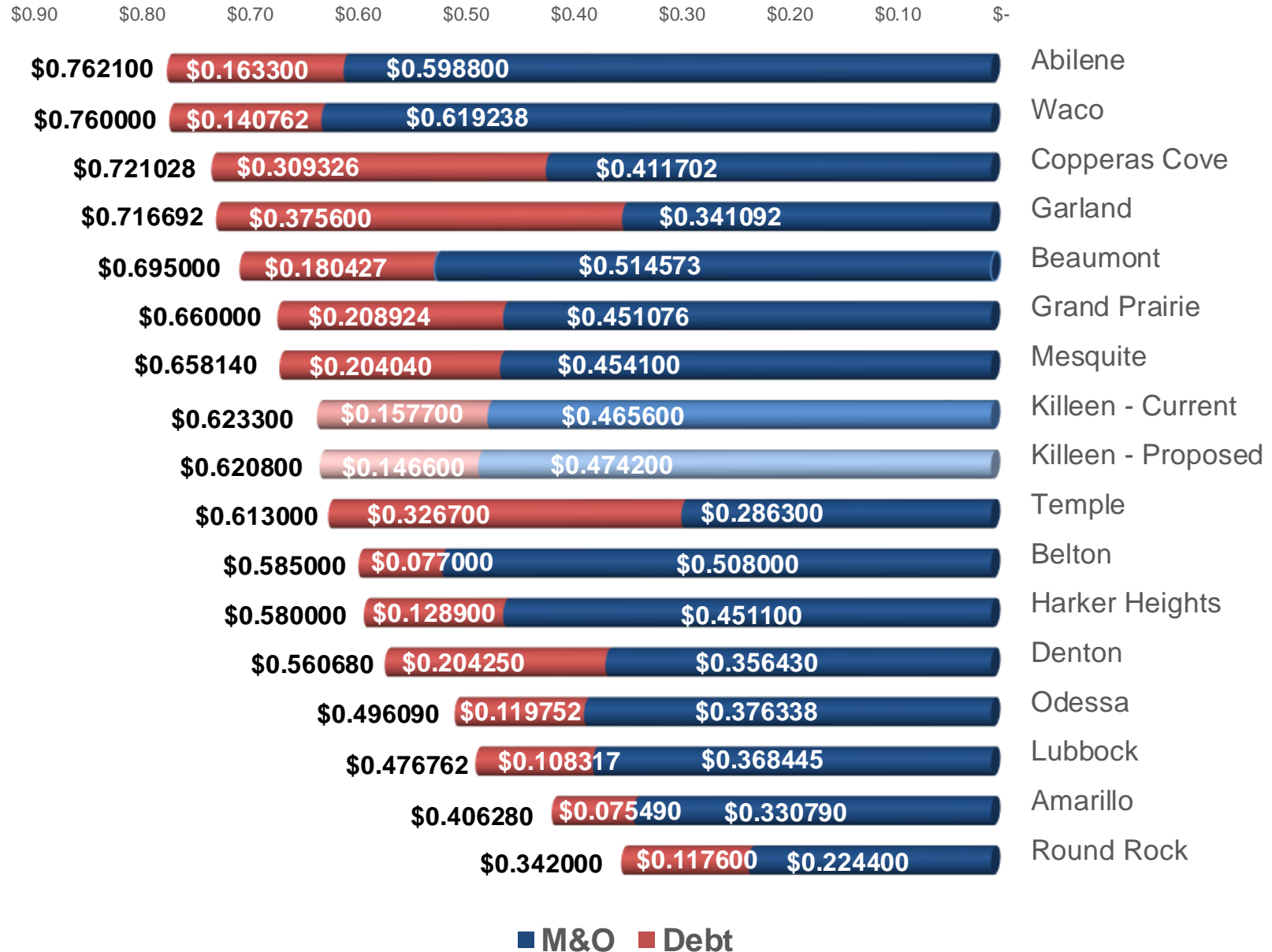


**CITY OF KILLEEN, TEXAS**

<b>Fiscal Year</b>	<b>Tax Rate</b>	<b>Freeze Adjusted Taxable Value</b>	<b>Exemption Value</b>	<b>Tax Levy</b>
2007	\$ 0.6950	\$ 3,504,499,234	\$ 350,942,363	\$ 24,356,270
2008	0.6950	3,972,782,440	370,590,698	27,610,838
2009	0.6950	4,400,933,543	389,272,462	30,586,488
2010	0.6950	4,393,080,749	481,935,337	31,931,424
2011	0.7428	4,395,993,060	535,751,159	34,075,719
2012	0.7428	4,520,459,969	553,300,701	35,040,072
2013	0.7428	4,599,097,718	606,059,551	35,663,378
2014	0.7428	4,795,024,710	662,109,123	37,110,950
2015	0.7498	4,811,164,418	755,476,941	37,579,399
2016	0.7498	4,943,248,641	840,029,405	38,659,704
2017	0.7498	5,105,756,819	943,288,983	39,950,656
2018	0.7498	5,495,220,469	1,110,668,560	42,948,762
2019	0.7498	5,558,236,084	1,319,944,348	43,412,292
2020	0.7498	6,146,321,192	1,495,394,748	47,920,111
2021	0.7330	6,546,250,278	1,664,950,466	50,184,181
2022	0.7004	7,332,662,381	2,151,287,337	53,800,867
2023	0.6233	8,795,104,770	2,557,328,815	57,370,259
2024 <sup>1</sup>	0.6208	10,139,444,400	3,254,831,876	65,341,038

<sup>1</sup> - Proposed tax rate for FY 2024

# FY 2023 Peer City Benchmark Proposed Tax Rates



# Property Tax Rate Description

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- No-New-Revenue Rate – the tax rate that will generate the same amount of tax revenue as the previous fiscal year on properties taxed in both fiscal years
  - FY 2024 - \$ 0.5473
- Budgeted Rate – the tax rate used to prepare the FY 2024 Proposed Budget
  - FY 2024 - \$0.6208
- Current Rate – the tax rate levied for the current fiscal year
  - FY 2023 - \$0.6233
- Voter-Approval Rate – the tax rate that is calculated by increasing the maintenance and operation component of the No-New-Revenue Rate by 3.5% plus any unused increment rate
  - FY 2024 - \$ 0.7075
  - Automatic election if exceeded



# Property Tax Levy Comparison

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	Tax Rate	Total Levy	Difference from Budgeted Rate
No-New-Revenue Rate	\$ 0.5473	\$ 57,114,830	\$ (7,246,092)
Revised Proposed Rate	\$ 0.6208	\$ 64,360,922	\$ -
Current Rate	\$ 0.6233	\$ 64,607,388	\$ 246,466
Voter-Approval Rate	\$ 0.7075	\$ 72,908,354	\$ 8,547,431

## Property Tax – Tax Rate Comparison

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	FY 2023 Amount	FY 2024 Amount	Increase/ (Decrease)
	<hr/>	<hr/>	<hr/>
Operations	\$ 0.4656	\$ 0.4742	\$ 0.0086
Debt	0.1577	0.1466	(0.0111)
	<hr/>	<hr/>	<hr/>
Total	<u>\$ 0.6233</u>	<u>\$ 0.6208</u>	<u>\$ (0.0025)</u>

## Property Tax – Average Taxable Homestead Value Comparison

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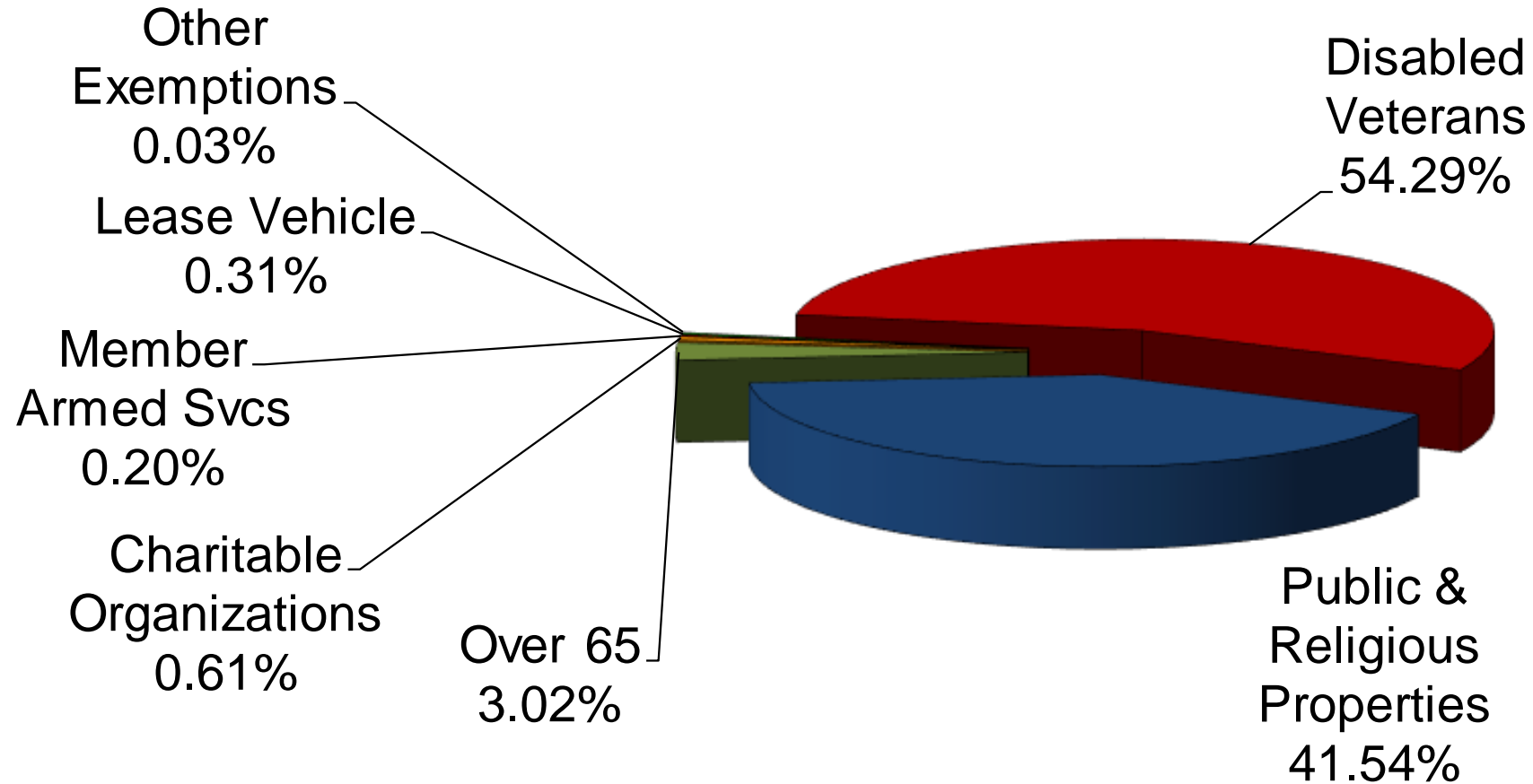
	Proposed FY 2024	Current FY 2023	Difference
Taxable Value	\$ 202,114	\$ 178,761	\$ 23,353
Tax Rate	0.6208	0.6233	\$ (0.0025)
Annual Tax Levy*	\$ 1,254.72	\$1,114.22	\$ 140.50
Monthly Cost	\$ 104.56	\$ 92.85	\$ 11.71

\*Taxable Value / 100 x Tax Rate = City Taxes Paid

<b>Fiscal Year</b>	<b>Tax Rate</b>	<b>Net Taxable Value</b>	<b>Tax Levy</b>	<b>Exemption Value</b>
2010	\$ 0.6950	\$ 4,597,388,192	\$ 31,931,424	\$ 481,935,337
2011	0.7428	4,600,996,317	34,075,719	535,751,159
2012	0.7428	4,732,551,512	35,040,072	553,300,701
2013	0.7428	4,818,504,794	35,663,378	606,059,551
2014	0.7428	5,012,906,385	37,110,950	662,109,123
2015	0.7498	5,028,425,890	37,579,399	755,476,941
2016	0.7498	5,175,292,421	38,659,704	840,029,405
2017	0.7498	5,352,339,761	39,950,656	943,288,983
2018	0.7498	5,772,164,539	42,948,762	1,110,668,560
2019	0.7498	5,834,474,313	43,412,292	1,319,944,348
2020	0.7498	6,461,868,238	47,920,111	1,495,394,748
2021	0.7330	6,942,146,436	50,184,181	1,664,950,466
2022	0.7004	7,810,296,015	53,800,867	2,151,287,337
2023	0.6233	9,355,940,924	57,370,259	2,557,328,815
2024 <sup>1</sup>	0.6208	10,812,236,064	65,341,038	3,254,831,876

<sup>1</sup> - Proposed tax rate and certified values for FY 2024

# City of Killeen FY 2024 Exemptions (1)

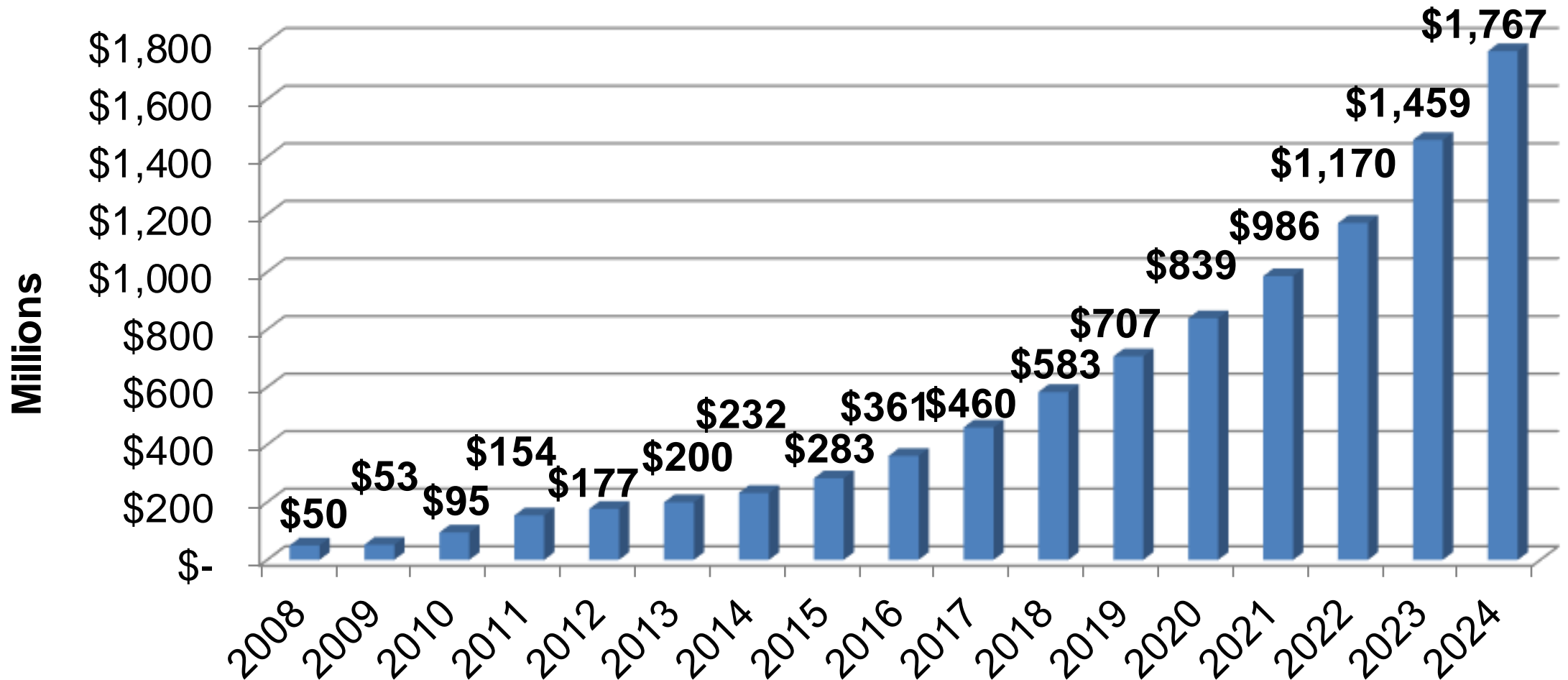


(1) Source Document: Tax Appraisal District of Bell County - July 20, 2023 Certified Tax Roll

**Total Exemptions: \$3,254,831,876**

# Property Tax – Disabled Veteran's Exemptions

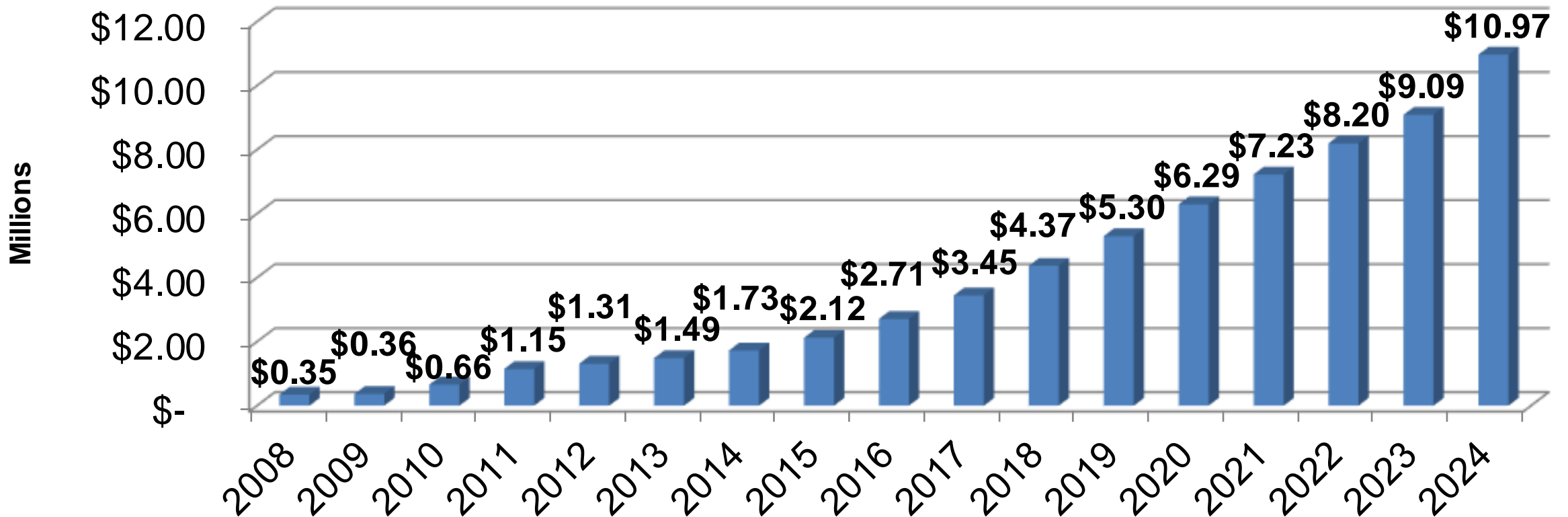
## DV Exemption Value





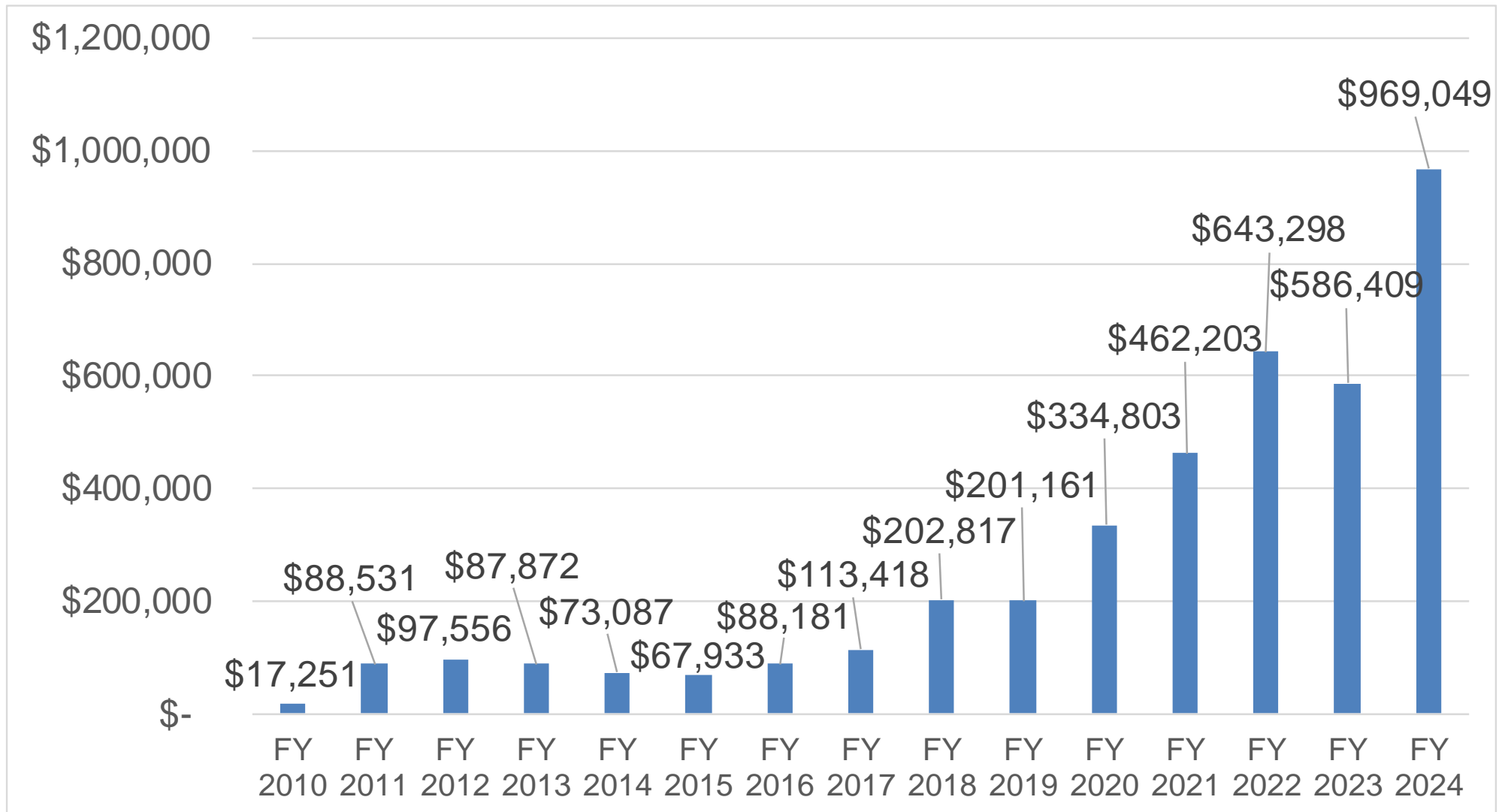
# Property Tax – Disabled Veteran’s Exemptions – Revenue Loss\*

## Estimated Loss of Revenue



\*Gross revenue loss, does not include \$2.73M reimbursement from the State

# Property Tax – Revenue Loss from Over 65/Disabled Frozen Value



# Summary of Tax Rate Process

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- City Council sets a preliminary tax rate
  - This establishes a “ceiling” for the tax rate
  - Adopted tax rate cannot exceed preliminary tax rate
- Tax Rate Public Hearing
  - September 12<sup>th</sup>
- Set the tax rate (may be lower than preliminary tax rate)
  - September 12<sup>th</sup>

# Alternatives

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	Tax Rate	Total Levy	Difference from Budgeted Rate
No-New-Revenue Rate	\$ 0.5473	\$ 57,114,830	\$ (7,246,092)
Revised Proposed Rate	\$ 0.6208	\$ 64,360,922	\$ -
Current Rate	\$ 0.6233	\$ 64,607,388	\$ 246,466
Voter-Approval Rate	\$ 0.7075	\$ 72,908,354	\$ 8,547,431

# Recommendation

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- Set the preliminary tax rate at \$0.6208

# Property Tax – Next Steps

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- Set the preliminary tax rate
- Required to take a record vote
- Set the date, time, and place of the tax rate public hearing and vote to set the tax rate:
  - Public hearing and vote to set tax rate on September 12, 2023