

QUESTIONS?

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UPCOMING DATES

City Hall (405 Municipal Drive)

Thursday, September 7
5:30 p.m.

Public Hearing on the Proposed
FY2017-18 **Budget** & First Public
Hearing on the 2017 **Tax Rate**

Thursday, September 14
5:30 p.m.

Second **Public Hearing**
on the 2017 **Tax Rate**

City Council Regular Meeting
Monday, September 18

7:00 p.m. (Work Session 5:30 p.m.)

Consideration of adoption of the
FY17-18 Budget and 2017 Tax Rate

VIEW THE CITY MANAGER'S PROPOSED BUDGET
AND STAFF MEMOS AND PRESENTATIONS:

CITYOFKENNEDALE.COM/BUDGET

City Manager's Update on the FY17-18 Budget and Tax Rate

CITY MANAGER GEORGE CAMPBELL | THURSDAY, AUGUST 31, 2017

The City of Kennedale is currently developing the budget for the fiscal year that begins October 1, 2017. A typical budget process includes:

- Initial budget developed and proposed by the City Manager
- Lengthy discussions and possible modifications by the City Council
- Public hearings (*dates at left*) to solicit comments and input from citizens
- Adoption of official budget by the City Council prior to September 30

The City Manager's proposed budget was presented to Council on Friday, August 11. Council has held three additional work sessions, sought information from staff, and suggested changes to the proposal. Those suggestions and their impact on services and the community are being evaluated, and will be further refined prior to the public hearings in September. Consideration for final adoption of the budget and tax rate will occur at the September 18 Regular Meeting.

The purpose of this letter is to provide detailed information to residents about the budgeting process and about the facts, issues, and impacts that the proposed budget could have on their community.

Three staff memorandums in response to City Council members' questions regarding the proposed budget are already available at www.cityofkennedale.com/budget. Thus, I will provide highlights of the current status of the developing budget, as of the date of this letter.

In preparation for the public hearings, I would encourage each of you to familiarize yourself with the budget and to seek answers to specific questions directly from City of Kennedale administration by calling or emailing either myself or Director of Finance Brady Olsen.

What is the Current FY16-17 Tax Rate? \$0.767500 (*per \$100 of taxable value*)

What is the FY17-18 Effective Tax Rate? \$0.726970 (*per \$100 of taxable value*)

This is a property tax rate, based on existing properties, that would raise the same amount of revenue as the previous fiscal year.

What is the FY17-18 Proposed Tax Rate? \$0.787500 (*per \$100 of taxable value*)

If the proposed two-cent rate increase is adopted, \$487,954 more revenue would result from property tax than in FY16-17. This includes increases in valuations and newly added properties.

P R E S S C O N T A C T

Leslie Galloway, City Secretary & Communications Coordinator
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HIGHLIGHTS | The City Manager's budget proposal to Council is designed to:

- Maintain or enhance the level of services that residents desire and that exemplify the dynamic nature of modern local government, including but not limited to police, fire, EMS, library, public works, water and sewer, parks, planning, and senior programs
- Provide these services in a cost-effective manner by maximizing efficiencies
- Invest in the future through managed growth policies that enhance livability
- Provide a sound infrastructure that will ultimately help keep tax and utility rates competitive
- Include a two-cent (\$0.02) property tax rate increase that would increase the annual cost for a typical homeowner (with a home value of \$225,000) by about \$45.00
- Provide a 2% compensation increase to the City's 77 employees
- Fund the projected 15% increase in employee health insurance costs (following the bidding process, that amount has been amended to be a 20% increase)
- Eliminate most cash-funding for capital improvements and, instead, issue \$4 million in capital debt funding through Certificates of Obligation for needed water and stormwater projects
- Reduce base sewer charges from \$45 to \$36; and reduce base charges on 1" or greater meters
- Increase stormwater fees (assessed on your monthly utility bill) from \$3.50 to \$4.00
- Reduce franchise fee payments paid by the water fund to the street fund from 9% to 5% (thus reducing the amount of funding available for street maintenance)

Due to rising service costs, the inclusion of minimal pay increases and very limited new or expanded programs, and cost increases for health insurance, the budget, as proposed, does have total expenditures that will exceed expected revenues by roughly \$220,000. That deficit forces the City to, once again, rely on reserve funds to "balance" the budget, causing General Fund reserves to fall short of established policy guidelines.

To avoid or minimize the reliance upon reserves to balance the General Fund budget and, if possible, to avoid a tax rate increase, the City Council asked that options be examined. Unfortunately, to reduce the tax rate to the FY16-17 "effective" rate would require rather severe cuts to the service levels of all departments, including public safety, library, senior services, and code enforcement. Staff provided the City Council a comprehensive summary of options, which are posted under "Staff Memos" at www.cityofkennedale.com/budget.

Rest assured that staff and Council are working diligently to provide a level of service in this budget that reflects the desires of the community we serve. Unfortunately, some of the information seen on social media is inaccurate or misleading, and we want your information to be as factual as possible. Again, I encourage you to seek information and answers either by calling us directly or by visiting www.cityofkennedale.com/budget, where you can see the proposed budget, upcoming dates, and options being considered.

Thank you for continuing to support your great city by being engaged and informed.

Sincerely,

George Campbell, City Manager