



## Legislation Text

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File #: ORD-3473, Version: 1

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### **DELETE - adopting Ordinance No. 3473 approving and adopting the Operating and Capital Improvement Program Budget and Strategic Plan for the 2017-18 fiscal year and take appropriate action.**

#### BACKGROUND:

Creating a budget and adopting a property tax rate to support that budget are major functions of a taxing unit's governing body and is accomplished by following truth-in-taxation requirements to ensure the public is informed of any increases. 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 and to afford taxpayers the opportunity to roll back or limit tax increases.

There are three statutes that set out the mechanics of adopting a City's tax rate and budget: Texas Property Tax Code Chapter 26; Texas Local Government Code Chapter 102; and, Chapter 140 of the Texas Local Government Code. These statutes are in addition to any City Charter requirements. The mechanism the City uses to set the truth-in-taxation process in motion is to place an item on the City Council agenda to consider a motion to adopt the proposed "maximum" tax rate that the City will consider and set the date that the City Council will consider adoption of the actual tax rate. The City Council then can consider various budget scenarios in the upcoming month or months that may lower the rate needed to generate the revenue for the upcoming fiscal year's budget.

When the motion is adopted, the City makes it clear in the agenda notice, and in statements made by the Mayor at the meeting adopting the motion, that the City Council may ultimately adopt a property tax rate that is lower than the maximum rate set out in the notice. A motion proposing the maximum tax rate for consideration was made on August 1, 2017 and notification was given that the actual tax rate would be considered for adoption on September 12, 2017.

Once the motion considering the proposed tax rate is approved, the City must then provide legal notice for a budget public hearing. This notice must include the date and time of the budget public hearing along with a specific statement about whether the new budget will raise more, less or the same amount of property tax revenue compared to the previous year's budget and must also specify how much of the additional revenue is attributable to new property added to the tax roll this year. These figures are calculated based on the proposed maximum tax rate and are subject to change based on the actual tax rate adopted by the City Council. The City published this information in the Dallas Morning News on August 8, 2017.

#### DISCUSSION:

On July 28, 2017, City staff submitted the Proposed Fiscal Year 2017-18 Operating & Capital Budget and Strategic Plan to the City Council. Copies of the proposed budget were made available at the Farmers Branch Police Department and on the City's Website. The strategic plan was developed with guidance from the City Council during a strategic planning retreat held in June 2017.

The Proposed Fiscal Year 2017-18 Operating & Capital Budget, as presented, was developed with no increase

in the current tax rate.

The proposed budget, which supports the strategic plan, has been discussed with City Council during public budget work sessions held on August 1<sup>st</sup>, August 15<sup>th</sup> and August 29<sup>th</sup>. Citizen comments on the budget were requested at a public hearing held on August 29, 2017. The proposed budget also delegates to the City Manager limited authority to transfer budgeted funds within and between departments but not between funds in order to efficiently manage city finances.

**RECOMMENDATION:**

Ordinance No. 3473 establishes the operating and capital improvement program budget and strategic plan for the 2017-18 fiscal year. All applicable laws and City Charter provisions necessary for adoption of the budget have been followed. The proposed budget meets all financial objectives and fund balance targets of the City on a most realistic budget basis.

City Administration recommends the adoption of Ordinance No. 3473 approving and adopting the 2017-18 Fiscal Year Operating & Capital budget and Strategic Plan, which supports the City's guiding principle of financial stewardship.

**POSSIBLE COUNCIL ACTION:**

1. I move to approve Ordinance No. 3473 approving and adopting the Operating and Capital Improvement Program Budget and Strategic Plan for the 2017-18 fiscal year.
2. I move to approve Ordinance No. 3473 approving and adopting the Operating and Capital Improvement Program Budget and Strategic Plan for the 2017-18 fiscal year, with modifications.
3. I move to table the issue for further study or take no action.

**ATTACHMENTS:**

1. Information Memorandum
2. Ordinance No. 3473
3. Exhibit "A" 2017-18 Operating and Capital Budget  
(Available in hard copy at the Farmers Branch Police Department and on the City's Website)
4. Exhibit "B" 2017-18 Strategic Plan