



CITY COUNCIL AGENDA

NOTICE OF SPECIAL MEETING

Tuesday, September 12, 2017

7:00 p.m.

City Hall - Council Chamber

Daniel P. Moore Community Center Complex

1900 Billy G. Webb Drive

Portland, Texas

1. **CALL TO ORDER: MAYOR KREBS**
2. **RATIFICATION OF DECISIONS OF BOARD OF DIRECTORS:** THE CITY COUNCIL WILL CONSIDER RATIFYING THE SEPTEMBER 12, 2017 DECISIONS OF THE PORTLAND COMMUNITY CENTER COMPLEX DEVELOPMENT CORPORATION BOARD OF DIRECTORS - MAYOR KREBS
3. **ORDINANCE NO. 2152 - AMENDING CURRENT FISCAL YEAR BUDGET:** THE CITY COUNCIL WILL CONSIDER THE FIRST READING OF ORDINANCE NO. 2152 WHICH AMENDS THE 2016-2017 FISCAL YEAR BUDGET – CITY MANAGER AND DIRECTOR OF FINANCE
4. **PUBLIC HEARING ON ADOPTION OF PROPOSED 2017-2018 FISCAL YEAR BUDGET:** THE CITY COUNCIL WILL CONDUCT A PUBLIC HEARING TO SOLICIT COMMENTS FROM CITIZENS AND OTHER INTERESTED PARTIES CONCERNING THE ADOPTION OF THE PROPOSED 2017-2018 FISCAL YEAR BUDGET – CITY MANAGER AND DIRECTOR OF FINANCE
5. **ORDINANCE NO. 2153 - ADOPTING 2017-2018 FISCAL YEAR BUDGET:** THE CITY COUNCIL WILL CONSIDER THE FIRST READING OF ORDINANCE NO. 2153 WHICH ADOPTS THE 2017-2018 FISCAL YEAR BUDGET – CITY MANAGER AND DIRECTOR OF FINANCE

6. **PUBLIC HEARING ON PROPOSED TAX INCREASE**: THE CITY COUNCIL WILL CONDUCT A PUBLIC HEARING TO SOLICIT COMMENTS FROM CITIZENS AND OTHER INTERESTED PARTIES CONCERNING A PROPOSED INCREASE OF TOTAL TAX REVENUES – CITY MANAGER AND DIRECTOR OF FINANCE

A tax rate of \$0.597866 per \$100 valuation has been proposed for adoption by the governing body of the City of Portland. This rate exceeds the lower of the effective or rollback tax rate, and state law requires that two public hearings be held by the governing body before adopting the proposed tax rate.

7. **ORDINANCE NO. 2154 - ADOPTING AD VALOREM TAX RATE**: THE CITY COUNCIL WILL CONSIDER THE FIRST READING OF ORDINANCE NO. 2154 WHICH ADOPTS THE AD VALOREM TAX RATE AND ESTABLISHING A TAX LEVY FOR THE YEAR 2017 – CITY MANAGER AND DIRECTOR OF FINANCE

8. **ADJOURNMENT**: MAYOR KREBS

NOTICE OF ASSISTANCE

If you plan to attend this public meeting and you have a disability that requires special arrangements to be made, please contact City Secretary Annette Hall (361-777-4513 or annette.hall@portlandtx.com) in advance of the meeting. Reasonable accommodations will be made to facilitate your participation. City Hall is wheelchair accessible and specially marked parking spaces are located in front of its entrance.

BRAILLE IS NOT AVAILABLE

Posted: September 8, 2017 by 5 p.m.
Portland City Hall

By: 
Annette Hall
City Secretary



CITY COUNCIL ACTION ITEM

AGENDA TITLE	<u>ORDINANCE NO. 2152 – AMENDING CURRENT FISCAL YEAR BUDGET:</u> THE CITY COUNCIL WILL CONSIDER THE FIRST READING OF ORDINANCE NO. 2152 WHICH AMENDS THE 2016-2017 FISCAL YEAR BUDGET.
MEETING DATE	9/12/2017
DEPARTMENT	Finance
SUBMITTED BY	Katie Griffin, Director of Finance

EXECUTIVE SUMMARY

Budget development is based on forecasting and experience. Initially not all information may be available or known. Over the course of the budget year, information comes in that clarifies or realigns forecasted information or sheds light on new items that may affect the operating budget. The projected year-end adjustment to the Fiscal Year 2017 Budget recognizes and incorporates new and updated information and material changes in operations. The impact of Hurricane Harvey was an unknown variable that has impacted expenditures for the current fiscal year budget as well as projected revenues.

PRIOR ACTIONS OR REVIEWS

The City Council adopted by Ordinance No. 2142, a fund level budget ending September 30, 2017, on September 6, 2016 after a second and final reading.

DETAILS / STAFF ANALYSIS

The year-end FY 2016-2017 budget amendment includes adjustments to revenues and expenditures based on operational activity during the fiscal year for each budgeted fund, as well as emergency operations associated with Hurricane Harvey. The revisions include salary, operational, capital revisions and additions, and emergency operations. The net changes in fund reserves identifies projected changes in fund balances due to changes in revenues and expenditures as well as the use of or draw down of fund balance for identified projects.

ALTERNATIVES CONSIDERED

The alternative is to not amend the FY 2016-2017 budget; resulting in improperly reflecting year-end estimates in revenues and expenditures.

FINANCIAL IMPACT

The following table shows the mid-year amended budgets, project year-end totals, increases and (decreases), and net change in fund reserves.

	Adopted Budget Total	Projected Year- End Actual Total	Increase (Decrease)	Net Change in Fund Reserves Compared to Adopted Increase (Decrease)
General Fund				
Revenues*	\$ 11,619,246	\$ 12,438,940	\$ 819,694	
Expenditures	\$ 11,618,918	\$ 12,438,940	\$ 820,022	\$ (746,120)
Water/Wastewater Fund				
Revenues**	\$ 7,532,814	\$ 7,945,404	\$ 412,590	
Expenditures	\$ 7,531,197	\$ 7,945,404	\$ 414,207	\$ (516,630)
Debt Service Fund				
Revenues***	\$ 2,274,835	\$ 2,953,257	\$ 0	
Expenditures	\$ 2,274,835	\$ 2,953,257	\$ 0	\$ (684,789)
4B Economic Development Sales Tax Fund				
Revenues	\$ 1,491,500	\$ 1,236,056	\$ (255,444)	
Expenditures	\$ 981,317	\$ 1,080,554	\$ 99,237	\$ 0
Drainage Fund				
Revenues	\$ 285,350	\$ 286,650	\$ 1,300	
Expenditures	\$ 236,944	\$ 241,453	\$ 4,509	\$ 0
Restricted Use Fund				
Revenues****	\$ 1,111,964	\$ 720,716	\$ (391,248)	
Expenditures	\$ 870,926	\$ 720,516	\$ (150,410)	\$ (18,649)
Venue Tax Fund				
Revenues	\$ 1,459,500	\$ 1,352,732	\$ (106,768)	
Expenditures	\$ 1,107,908	\$ 1,204,847	\$ (96,939)	\$ 0

*Includes drawdown of fund balance \$746,120

**Includes drawdown of fund balance (retained earnings) \$516,630 of which \$330,000 was budgeted

***Includes drawdown of fund balance (2016 Tax Note) \$684,789

****Includes budget drawdown of fund balance \$18,649

ATTACHMENTS

Ordinance No. 2152

FY 2016-2017 Amended Budget

RECOMMENDED ACTION

Motion to approve first reading of Ordinance No. 2152 amending the FY 2016-2017 budget ending September 30, 2017.

ORDINANCE NO. 2152 FY2016-2017 AMENDED BUDGET	ORIGINAL BUDGET 2016-2017	Projected To Be Amended 2016-2017	PROPOSED BUDGET 2017-2018
GENERAL FUND REVENUE	11,619,246	12,438,940	13,968,585
Administration	1,197,732	1,615,956	2,695,371
Finance	415,009	424,638	444,664
IT	397,788	414,226	395,120
Police	4,146,551	4,372,211	4,516,414
Fire	1,684,486	1,798,219	1,747,270
Animal Control	135,452	136,731	176,764
Municipal Court	172,040	178,112	247,383
General Services	123,355	95,312	119,446
Streets	693,172	694,019	777,691
Vehicle Maintenance	89,413	94,239	99,402
Building Services	478,742	475,872	455,401
Parks	563,479	641,336	663,876
Community Center	582,051	587,443	642,932
Kidz Klub	298,889	279,562	307,016
Senior Center	105,473	92,133	130,429
Skate Park	5,100	6,546	0
Library	530,186	532,385	548,613
TOTAL GENERAL FUND EXPENSE	11,618,918	12,438,940	13,967,791
DIFFERENCE	328	0	794
UTILITY FUND REVENUE	7,532,814	7,945,404	8,200,196
Utility Administration	2,497,608	2,735,950	3,612,311
Utility Billing	246,714	252,951	249,199
Water Distribution	2,852,166	2,991,098	2,942,142
Collection	1,161,468	1,045,448	559,518
WW Treatment Plant	773,241	919,957	837,026
TOTAL UTILITY FUND EXPENSE	7,531,197	7,945,404	8,200,196
DIFFERENCE	1,617	0	0
Fund 11 Revenues - Debt Service	2,274,835	2,953,257	2,359,803
Expenditures	2,274,835	2,953,257	2,359,803
DIFFERENCE	0	0	0
Fund 12 Revenues - Type B	1,491,500	1,236,056	1,496,190
Expenditures	981,317	1,080,554	1,496,190
DIFFERENCE	510,183	155,502	0
Fund 18 Revenues - Drainage	285,350	286,650	289,500
Expenditures	236,944	241,453	181,179
DIFFERENCE	48,406	45,197	108,321
Fund 20 Revenues - Restricted Use	1,111,964	720,716	799,510
Expenditures	870,926	720,516	799,510
DIFFERENCE	241,038	200	0
Venue Fund Revenues	1,459,500	1,352,732	1,446,198
Admin Expenditures	572,286	683,805	666,270
Aquatics Expenditures	535,622	521,042	507,564
Sports Complexes Expenditures	0	0	182,734
TOTAL VENUE FUND EXPENSE	1,107,908	1,204,847	1,356,567
DIFFERENCE	351,592	147,885	89,631
TOTAL REVENUE ALL FUNDS	25,775,209	26,933,755	28,559,982
TOTAL EXPENDITURES ALL FUNDS	24,622,045	26,584,971	28,361,236
DIFFERENCE SURPLUS/(DEFICIT)	1,153,164	348,784	198,746

1 **ORDINANCE NO. 2152**

2
3 **AN ORDINANCE AMENDING AND ADJUSTING ORDINANCE NO. 2141 PASSED ON**
4 **THE 6th OF SEPTEMBER 2016, ADOPTING THE FUND LEVEL BUDGET FOR THE**
5 **CITY OF PORTLAND FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2017, AND**
6 **MAKING SUPPLEMENTAL APPROPRIATIONS AND ADJUSTMENTS FOR SAID**
7 **FISCAL YEAR; REPEALING ALL ORDINANCES IN CONFLICT HEREWITH,**
8 **PROVIDING FOR THE PUBLICATION OF THIS ORDINANCE; AND AN EFFECTIVE**
9 **DATE THEREOF.**

10
11 **WHEREAS**, during the fiscal year of the City of Portland ending the 30th day of September
12 2017, the City Manager has indicated to the City Council that there are amendments and
13 adjustments necessary to the present Budget adopted by Ordinance No. 2141 passed on the 6th
14 day of September 2016; and,

15
16 **NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PORTLAND,**
17 **TEXAS, AS FOLLOWS, TO-WIT:**

18
19 **SECTION 1:** That the attached amendments and adjustments shall be made to the
20 Budget for the fiscal year of the City of Portland ending the 30th day of September, 2017.

21
22 **SECTION 2:** That this Ordinance repeals all ordinances in conflict herewith.

23
24 **SECTION 3:** That this Ordinance shall be in full force and effect from and after the date
25 of its adoption, approval, and required publication of its caption.

26
27 Duly approved and passed to second reading by the City Council of the City of Portland,
28 Texas on the first reading, September 12, 2017.

29
30 Duly approved by the City Council of the City of Portland, Texas on the second and final
31 reading, September 19, 2017.

32 **EXECUTED BY:**

33
34
35 _____
36 David R. Krebs, Mayor

37
38 ATTEST:

39
40 _____
41 Annette Hall, City Secretary



NOTICE OF PUBLIC HEARING ON BUDGET

The City Council for the City of Portland, Texas, will hold a public hearing on the Fiscal Year 2017-2018 Annual Operating Budget on Tuesday, September 12, 2017 at 7:00 p.m. in the City Council Chambers at City Hall, located at 1900 Billy G. Webb, Portland, Texas, 78374. The public hearing will be held for the purpose of receiving community input on the Budget.

This public hearing is being held in accordance with Section 5.08 of the City Charter and Section 102.0065 of the Texas Local Government Code.

This budget will raise more total property taxes than last year's budget by \$870,032 or 14.91%, and of that amount \$397,210 is tax revenue to be raised from new property added to the tax roll this year.

Copies of the Proposed Budget are available for inspection at City Hall during regular business hours and online at portlandtx.com

All interested citizens are encouraged to attend and express their views.



CITY COUNCIL ACTION ITEM

AGENDA TITLE	<u>ORDINANCE NO. 2153 – ADOPTING 2017-2018 FISCAL YEAR BUDGET:</u> THE CITY COUNCIL WILL CONSIDER THE FIRST READING OF ORDINANCE NO. 2153 WHICH ADOPTS THE 2017-2018 FISCAL YEAR BUDGET.
MEETING DATE	9/12/2017
DEPARTMENT	Finance
SUBMITTED BY	Katie Griffin, Director of Finance

EXECUTIVE SUMMARY

The FY 2017-2018 Proposed Budget was developed to meet the needs of our citizens and to provide excellent customer service, consistent with the City's Strategic Operating Plan. The Proposed Budget for FY 2017-2018 includes a staffing increase in Police, Fire, and Street Maintenance; as well as necessary capital purchases with an emphasis on facilities.

As the City continues to see more growth in housing, industry and other commercial/retail areas, the additional staffing of one (1) Police officer, one (1) Fire engineer, and one (1) Streets maintenance worker will assist with the City's growing needs.

PRIOR ACTIONS OR REVIEWS

The City Council reviewed the Proposed FY 2017-2018 Budget during a budget workshop on July 20, 2017. The addition of new employees and the purchase of capital items as well as the Capital Improvement Program were discussed during the budget workshop.

DETAILS / STAFF ANALYSIS

The budget document is based on conservative forecasting, historical trends, and experience. Contributors to the document include City Council, management, departments, and other governmental agencies.

The Finance Department began the budget process in late April. Departmental budgets were obtained from departments the first part of June. Each department met with the City Manager and Finance staff to review their budgets, discuss staffing needs, new programs or services, and equipment and capital needs.

Finance then compiled a budget containing departmental expenditures and revenues for the City Manager to review. The City Council, City Manager and staff met in a budget workshop on July 20, 2017 to fine-tune the budget. The proposed FY 2017-2018 budget was presented to the City Council by the City Manager on August 15th.

The Proposed FY 2017-2018 Budget was developed prior to the impact of Hurricane Harvey. While a significant portion of the expenses associated with restoring City operations will occur during FY 2016-2017, additional expenses will be incurred in FY 2017-2018. In addition to expenses associated with restoring the City, a negative impact on revenues, including Sales and Use Tax revenue is expected during FY 2017-2018. Once a comprehensive financial analysis of the impact of Hurricane Harvey is complete, staff will return to the City Council with a presentation of the financial impact and a possible budget amendment.

ALTERNATIVES CONSIDERED

The City Council may chose not to adopt the Proposed FY 2017-2018 Budget before September 30th; however, doing so requires the City to use the current (FY 2016-2017) for FY 2017-2018, as mandated by Texas Local Government Code. The current FY 2016-2017 Budget was designed for the current year’s operating needs while the Proposed 2017-2018 Budget is predicated on new staffing requirements, changing capital needs, and debt service requirements. Opting to continue with this year’s budget would not properly reflect the operational revenues and expenditures needed in order to continue providing high quality service to the citizens of Portland.

FINANCIAL IMPACT

The Proposed FY 2017-2018 is very conservative in both revenue predictions and planned expenditures. Total appropriations in all budgeted funds for FY 2017-2018 total \$28,361,236, an increase of \$3,739,191 over the adopted FY 2016-2017. The proposed budget will meet the citizens’ needs for the coming year.

The table below reflects revenues and expenditures for each budgeted fund and the estimated contribution to fund balance at year-end for FY 2017-2018.

Budgeted Fund	Revenues	Expenditures	Balance
General Fund*	\$13,968,585	\$13,967,791	\$794
Water/Wastewater Enterprise Fund*	\$8,200,196	\$8,200,196	\$0
Debt Service	\$2,359,803	\$2,359,803	\$0
Type B Economic Development Sales Tax Fund*	\$1,496,190	\$1,496,190	\$0
Drainage Enterprise Fund	\$289,500	\$181,179	\$108,321
Restricted Use Fund*	\$799,510	\$799,510	\$0
Venue Sales Tax*	\$1,446,198	\$1,356,567	\$89,631
Totals	\$25,854,976	\$24,701,814	\$1,153,162
<i>*Includes a drawdown of fund balance in the FY 2017-2018 Proposed Budget.</i>			

ATTACHMENTS

Ordinance No. 2153

RECOMMENDED ACTION

Motion to approve first reading of Ordinance No. 2153 adopting the FY 2017-2018 budget ending September 30, 2018.

1
2 **ORDINANCE NO. 2153**
3

4 **AN ORDINANCE ADOPTING A FUND LEVEL BUDGET FOR THE ENSUING**
5 **FISCAL YEAR BEGINNING OCTOBER 1, 2017, AND ENDING SEPTEMBER 30,**
6 **2018, IN ACCORDANCE WITH THE CHARTER OF THE CITY OF PORTLAND,**
7 **APPROPRIATING THE VARIOUS AMOUNTS THEREOF, AND REPEALING ALL**
8 **ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT THEREWITH;**
9 **PROVIDING FOR PUBLIC HEARINGS; PROVIDING FOR PUBLICATION OF**
10 **THIS ORDINANCE AND FOR AN EFFECTIVE DATE THEREOF.**
11

12 **WHEREAS**, the City Manager of the City of Portland has submitted to the City Council a
13 proposed budget of the revenues of said City and the expenditures/expenses of conducting the
14 affairs thereof and providing a complete financial plan for 2017-18 and which said proposed
15 budget has been compiled from detailed information obtained from several departments,
16 divisions, and offices of the City; and,
17

18 **WHEREAS**, the City Council has received said City Manager's proposed budget, a copy of
19 which proposed budget and all supporting schedules have been filed with the City Secretary of
20 the City of Portland; and,
21

22 **WHEREAS**, the City Council has held public hearings, workshops and meetings to discuss the
23 elements included in the budget and receive comments from citizens and other interested
24 parties.
25

26 **NOW THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PORTLAND,**
27 **TEXAS:**
28

29 **SECTION 1:** The fund Level Budget (revenues and expenditures) of the City of Portland for the
30 2017– 2018 fiscal year is hereby adopted.
31

32 **SECTION 2:** That the sum of \$13,967,791 is hereby appropriated out of the General Fund for
33 the general government/public safety expenditures (capital items included) authorized in the
34 budget document.
35

36 **SECTION 3:** That the sum of \$2,359,803 is hereby appropriated out of the General Obligation
37 Debt Service Fund for the purpose of paying the principal and interest due on general obligation
38 bonds, certificates of obligation and tax notes.
39

40 **SECTION 4:** That the sum of \$8,200,196 is hereby appropriated out of the Water/Wastewater
41 Enterprise Fund for water and sanitary sewer system expenses (capital items included)
42 authorized in the budget document including the sum of \$1,373,607 out of the
43 Water/Wastewater Enterprise Fund revenues for the purpose of paying interest and principal
44 due on revenue bonds.

45 **SECTION 5:** That the sum of \$1,496,190 is hereby appropriated out of the Type B Economic
46 Development Tax Fund, for the Community Center operating expenditures (capital items
47 included) authorized in the budget document including the sum of \$268,808 out of the Type B
48 Economic Development Tax Fund revenues for the purpose of paying interest and principal due
49 on public improvement bonds (Community Center) and certificates of obligation (Library
50 Expansion).

51
52 **SECTION 6:** That the sum of \$1,356,567 is hereby appropriated out of the Venue Sales Tax
53 Fund for expenditures related to the operations of the aquatic center and sports complexes
54 (capital items included) authorized in the budget document including the sum of \$477,400 out of
55 the Venue Sales Tax Fund revenues for the purpose of paying interest and principal due on sales
56 tax revenue bonds and on certificates of obligation.

57
58 **SECTION 7:** That the sum of \$799,510 is hereby appropriated out of the Restricted Use Fund
59 for expenditures (capital items included) related to the special activities authorized by the
60 enabling legislation for each special revenue type.

61
62 **SECTION 8:** That the sum of \$181,179 is hereby appropriated out of the Drainage Enterprise Fund
63 for drainage improvement expenses (capital items included) authorized in the budget document
64 including the sum of \$118,820 out of the Drainage Enterprise Fund revenues for the purpose of
65 paying interest and principal due on certificates of obligation.

66
67 **SECTION 9:** That ordinances or parts of ordinances in conflict herewith are hereby repealed.

68
69 **SECTION 10:** That this ordinance shall be and remain in full force and effect from and after its
70 final passage and publication as herein provided.

71
72 **SECTION 11:** This Ordinance shall take effect on October 1, 2016.

73
74 Duly approved by the City Council of the City of Portland, Texas on the first reading,
75 September 12, 2017.

76
77 Duly approved by the City Council of the City of Portland, Texas on the second reading,
78 September 19, 2017.

79
80 **EXECUTED BY:**

81
82
83 _____
84 David R. Krebs, Mayor

85 ATTEST:
86
87 _____
88 Annette Hall, City Secretary

NOTICE OF 2017 TAX YEAR PROPOSED PROPERTY TAX RATE FOR CITY OF PORTLAND

A tax rate of \$0.597866 per \$100 valuation has been proposed for adoption by the governing body of the City of Portland. This rate exceeds the lower of the effective or rollback tax rate, and state law requires that two public hearings be held by the governing body before adopting the proposed tax rate.

The governing body of City of Portland proposes to use revenue attributable to the tax rate increase for the purpose of: To fund additional public safety and maintenance personnel, allow for the purchase of necessary capital items, to continue infrastructure projects and to support debt obligations.

PROPOSED TAX RATE	\$0.597866 per \$100
PRECEDING YEAR'S TAX RATE	\$0.566668 per \$100
EFFECTIVE TAX RATE	\$0.549868 per \$100
ROLLBACK TAX RATE	\$0.599671 per \$100

The effective tax rate is the total tax rate needed to raise the same amount of property tax revenue for City of Portland from the same properties in both the 2016 tax year and the 2017 tax year.

The rollback tax rate is the highest tax rate that City of Portland may adopt before voters are entitled to petition for an election to limit the rate that may be approved to the rollback rate.

YOUR TAXES OWED UNDER ANY OF THE ABOVE RATES CAN BE CALCULATED AS
FOLLOWS:

$$\text{property tax amount} = (\text{rate}) \times (\text{taxable value of your property})/100$$

For assistance or detailed information about tax calculations, please contact:

Dalia Sanchez, PCC
Tax Assessor-Collector
400 W Sinton, Room 142, Sinton, Texas 78374
(361) 364-9374
dsanchez@co.san-patricio.tx.us
www.co.san-patricio.tx.us

You are urged to attend and express your views at the following public hearings on the proposed tax rate:

First Hearing: August 22, 2017 at 7:00 PM at City Hall, 1900 Billy G Webb, Portland, Texas.

Second Hearing: August 29, 2017 at 7:00 PM at City Hall, 1900 Billy G Webb, Portland, Texas.

RESCHEDULED: September 12, 2017 @ 7:00 PM at City Hall, 1900 Billy G Webb,
Portland, Texas.



CITY COUNCIL ACTION ITEM

AGENDA TITLE **ORDINANCE NO. 2154 – ADOPTING AD VALOREM TAX RATE**
 THE CITY COUNCIL WILL CONSIDER THE FIRST READING OF ORDINANCE NO. 2154 WHICH ADOPTS THE AD VALOREM TAX RATE AND ESTABLISHING A TAX LEVY FOR THE YEAR 2017.

MEETING DATE 9/12/2017

DEPARTMENT Finance

SUBMITTED BY Katie Griffin, Director of Finance

EXECUTIVE SUMMARY

The City’s FY 2017-2018 Proposed Budget is predicated on an ad valorem tax rate of \$0.597866 per \$100 valuation. This is an increase of \$0.031198 per \$100 valuation over the ad valorem tax rate of FY 2016-2017. This will be the first reading of Ordinance No. 2154 adopting the effective ad valorem tax rate. The second (final) reading will be held on September 19, 2017.

The proposed ad valorem tax rate of \$0.597866 applied to the 2017 Certified Appraisal Roll provides an estimated tax levy amount of \$7,407,281.

PRIOR ACTIONS OR REVIEWS

Two public hearings were conducted on the proposed ad valorem tax rate. Those hearings were held August 29, 2017 and September 12, 2017.

DETAILS / STAFF ANALYSIS

The FY 2017-2018 Budget will increase the ad valorem tax rate. The budget presented is a balanced budget, revenues are minimized and cost estimates are conservative to ensure budget integrity. This increase in ad valorem tax revenue will support an increase in public safety and continued infrastructure enhancements. The table below shows the structure of the 2017 Tax Rate:

	<u>Tax Rate - 2017</u>
Maintenance & Operations Component (General Fund)	\$0.399020 per \$100
Interest & Sinking Component (Debt Service Fund)	<u>\$0.198846 per \$100</u>
Total Tax Rate	\$0.597866 per \$100

Per Truth-in-Taxation laws, a taxing unit authorized to pay both Maintenance & Operations (M&O) and Debt Service (I&S) with property taxes must adopt its rate as two separate components. The vote must be worded clearly to identify the two elements of the tax rate.

ALTERNATIVES CONSIDERED

No alternatives are recommended. Pursuant to Truth In Taxation laws, adoption of the tax rate must be a separate item on the agenda for the meeting. A taxing unit's governing body must adopt a tax rate by official action and set it out in a written resolution, ordinance or order using specific wording set out in the Tax Code.

FINANCIAL IMPACT

The 2017 Tax Rate will support the FY 2017-2018 Budget with an additional \$870,032 in ad valorem tax revenue, of which \$397,210 is due to new property on the certified tax roll. This increase in ad valorem tax revenue will support an increase in public safety, maintenance, and needed infrastructure. The City's boundaries continue to grow with new industries, retail and home construction. This continued growth necessitates an increase in public safety personnel and continued emphasis on infrastructure. The FY 2017-2018 Budget and corresponding 2017 Tax Rate are designed to adapt to and benefit from the surrounding development.

ATTACHMENTS

1. Ordinance No. 2154

RECOMMENDED ACTION

Motion to approve the first reading of Ordinance No. 2154 that sets the maintenance and operation portion of the tax rate at \$0.399021 and the debt service rate at \$0.198846 for a total ad valorem tax rate of \$0.597866 per \$100 valuation for FY 2017-2018 with an estimated 2017 tax levy amount of \$7,407,281.

1 **ORDINANCE NO. 2152**

2
3 **AN ORDINANCE AMENDING AND ADJUSTING ORDINANCE NO. 2141 PASSED**
4 **ON THE 6th OF SEPTEMBER 2016, ADOPTING THE FUND LEVEL BUDGET FOR**
5 **THE CITY OF PORTLAND FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2017,**
6 **AND MAKING SUPPLEMENTAL APPROPRIATIONS AND ADJUSTMENTS FOR**
7 **SAID FISCAL YEAR; REPEALING ALL ORDINANCES IN CONFLICT HEREWITH,**
8 **PROVIDING FOR THE PUBLICATION OF THIS ORDINANCE; AND AN EFFECTIVE**
9 **DATE THEREOF.**

10
11 **WHEREAS**, during the fiscal year of the City of Portland ending the 30th day of
12 September 2017, the City Manager has indicated to the City Council that there are amendments
13 and adjustments necessary to the present Budget adopted by Ordinance No. 2141 passed on
14 the 6th day of September 2016; and,

15
16 **NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PORTLAND,**
17 **TEXAS, AS FOLLOWS, TO-WIT:**

18
19 **SECTION 1:** That the attached amendments and adjustments shall be made to the
20 Budget for the fiscal year of the City of Portland ending the 30th day of September, 2017.

21
22 **SECTION 2:** That this Ordinance repeals all ordinances in conflict herewith.

23
24 **SECTION 3:** That this Ordinance shall be in full force and effect from and after the
25 date of its adoption, approval, and required publication of its caption.

26
27 Duly approved and passed to second reading by the City Council of the City of Portland,
28 Texas on the first reading, September 12, 2017.

29
30 Duly approved by the City Council of the City of Portland, Texas on the second and final
31 reading, September 19, 2017.

32 **EXECUTED BY:**

33
34
35 _____
36 David R. Krebs, Mayor

37
38 ATTEST:

39
40 _____
41 Annette Hall, City Secretary