



**CITY COUNCIL  
SPECIAL MEETING AGENDA  
MONDAY, AUGUST 22, 2022 ~ 4 P.M.  
LADY BIRD GOLF COURSE-CARDINAL ROOM  
341 GOLFERS LOOP  
FREDERICKSBURG, TEXAS 78624**

Jeryl Hoover, Mayor  
Tony Klein, Councilmember  
Bobby Watson, Councilmember/Pro Tem

Sharon Joseph, Councilmember  
Emily Kirchner, Councilmember  
Clinton Bailey, City Manager

---

Audio of this meeting will be recorded and uploaded to the City website following the conclusion of the meeting.

---

**1. CALL TO ORDER**

**2. PLEDGE OF ALLEGIANCE**

**3. PUBLIC COMMENTS ON AGENDA ITEM**

Sign up in-person between 3:30 p.m. and 4:00 p.m. at the Lady Bird Golf Course in order to comment. You will be limited to 3 minutes to speak. Written comments can be accepted via [citizencomments@fbgtx.org](mailto:citizencomments@fbgtx.org); until 1:00 p.m. on Monday, August 22, 2022.

**4. FISCAL YEAR 2022/2023 BUDGET**

- A. Receive comments from Clinton Bailey, City Manager.
- B. Presentation on the budget.
- C. Hold a public hearing to receive comments for or against the Proposed Budget for Fiscal Year 2023, October 1, 2022, through September 30, 2023. This budget will raise more total property taxes than last year's budget by \$91,515, a 1.82% increase, and of that amount \$121,640 is tax revenue to be raised from new property added to the tax roll this year.
- D. Review, discuss, and provide direction.
- E. Announcement of proposed date, time, and location of the FY2023 City Budget adoption – Monday, September 19, 2022, at 6:00 p.m. at the Law Enforcement Center- 1601 East Main Street, Fredericksburg, TX 78624.

**5. 2022 TAX RATES**

- A. Review the 2022 No-New-Revenue, Voter-Approval, and De Minimis Tax Rate Calculations.
- B. Consider the proposed 2022 Tax Rate by recorded roll call vote.
- C. Review the Tax Rate adoption process and schedule.
- D. Announcement of proposed date, time, and location of the 2022 Tax Rate adoption – Monday, September 19, 2022, at 6:00 p.m. at the Law Enforcement Center- 1601 East Main Street, Fredericksburg, TX 78624.

**6. ADJOURN**

## CERTIFICATION

This is to certify that I, Shelley Goodwin, posted this Agenda at 5:30 p.m. on August 18, 2022, on the bulletin board of the City of Fredericksburg City Hall, 126 W. Main St., Fredericksburg, Texas.



Shelley Goodwin, TRMC/CMC  
City Secretary

Handouts provided at the meeting.



Public Hearing - August 22, 2022

Proposed Budget & Property Tax Rate

# No-New Revenue Tax Rate



- No-New Revenue Tax Rate
  - ▣ A calculated rate that would provide the taxing unit with approximately the same amount of revenue it received in the prior year on property taxed in both years. If the property values rise, the no-new-revenue tax rate will go down and vice versa.

# Voter-Approval Tax Rate

- Voter-Approval Tax Rate
  - ▣ The voter-approval tax rate is the highest tax rate that a taxing unit may adopt without holding an election to seek voter approval of the rate. The voter-approval tax rate is split into two separate rates:
    - Maintenance and Operations (M&O) Tax Rate: The M&O portion is the tax rate that is needed to raise the same amount of taxes that the taxing unit levied in the prior year plus the applicable 3 ½ percent allowed by law. This rate accounts for such things as salaries, utilities and day-to-day operations.

# Voter-Approval Tax Rate



- Debt Rate: The debt rate includes the debt service necessary to pay the taxing unit's debt payments in the coming year. This rate accounts for principal and interest on bonds secured by property tax revenue.

# Voter-Approval Tax Rate

## □ How the 3 1/2% cap is calculated

Adjusted 2022 NNR M&O Rate	0.141962
Adjustment for 2021 sales tax specifically to reduce property taxes	<u>0.117038</u>
	0.259000
2022 voter-approval M&O rate (multiply 0.259000 X 1.035 = 0.268065)	<b>0.268065</b>
2022 VAR, adjusted for sales tax	0.185085
2022 unused increment rate	<u>0.036556</u>
2022 voter-approval tax rate, adjusted for unused increment rate	<b>0.221641</b>

# De minimis Tax Rate



- The De minimis rate is equal to the sum of:
  - ▣ a taxing unit's no-new-revenue maintenance and operations rate, plus a rate that when applied to the taxing unit's current total value, will impose an amount of taxes equal to \$500,000, plus the current debt rate.

# Unused Increment Tax Rate

- The unused increment rate can be used to increase the voter-approval tax rate, depending upon the tax rates adopted by city in the previous three years. The unused increment rate is the three year rolling sum of the difference between the actual tax rate and the voter-approval tax rate. A city has the ability to bank any unused amounts below the voter-approval tax rate to use up to three years. If a city adopts the voter-approval tax rate all three years the unused increment rate would be zero.

# Property Taxes

The process of setting and adopting the Property Tax Rate

- ❑ Property taxes serve as a major source of revenue in supporting General Fund operations and Debt Service
- ❑ General Fund includes the following departments:
  - Administration
  - Police
  - Fire
  - Streets
  - Park
  - Development Services
  - Health
  - Municipal Court
  - Engineering

# Sales Tax Reduces Property Tax

- In the late 1980's, the State changed the law to allow for an extra  $\frac{1}{2}\%$  of city sales tax for the specific purpose of reducing the property tax. This required an election, and of course, it passed. The City sales tax increased from 1% to  $1\frac{1}{2}\%$  effective January 1, 1989.
- The 2022 sales tax adjustment rate is \$0.113646

# 2022 Property Tax Rates

□ No-new revenue tax rate	0.165262
□ Voter approval tax rate	0.221641
□ De minimis rate	0.192311
□ Unused increment rate	0.036556

# Tax Break for Homeowners 65 and Older

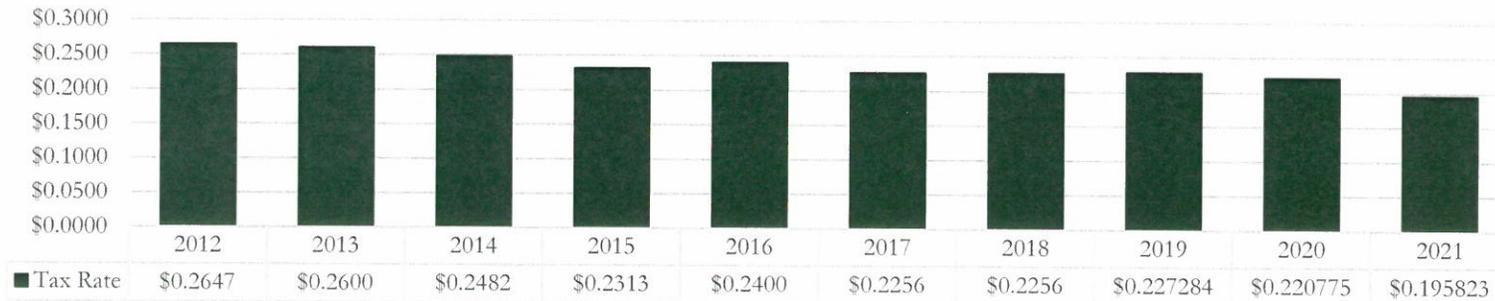


- Texas offers a tax break to homeowners age 65 and older. One of them is a freeze on property taxes. After you apply for and receive the exemption, your property taxes are automatically frozen at the amount calculated for the first full year of qualification. This means your taxes won't go up even if your property values do.

# Property Tax History

CITY OF FREDERICKSBURG TAX RATE										
RATE	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Maintenance & Operations	\$0.1940	\$0.1879	\$0.1992	\$0.1761	\$0.2025	\$0.1627	\$0.1880	\$0.189749	\$0.184625	\$0.168029
Interest & Sinking	\$0.0707	\$0.0721	\$0.0490	\$0.0552	\$0.0375	\$0.0629	\$0.0376	\$0.037535	\$0.036150	\$0.027794
<b>Total Tax Rate</b>	<b>\$0.2647</b>	<b>\$0.2600</b>	<b>\$0.2482</b>	<b>\$0.2313</b>	<b>\$0.2400</b>	<b>\$0.2256</b>	<b>\$0.2256</b>	<b>\$0.227284</b>	<b>\$0.220775</b>	<b>\$0.195823</b>

PROPERTY TAX RATE HISTORY



# Property Tax Rate History

PROPERTY TAX RATE HISTORY													
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>CITY OF FREDERICKSBURG</b>	<b>\$0.2319</b>	<b>\$0.2365</b>	<b>\$0.2444</b>	<b>\$0.2647</b>	<b>\$0.2600</b>	<b>\$0.2482</b>	<b>\$0.2313</b>	<b>\$0.2400</b>	<b>\$0.2256</b>	<b>\$0.2256</b>	<b>\$0.227284</b>	<b>\$0.220775</b>	<b>\$0.195823</b>
Gillespie County	\$0.2578	\$0.2621	\$0.2790	\$0.3101	\$0.3805	\$0.3971	\$0.4147	\$0.4342	\$0.3999	\$0.4081	\$0.4125	\$0.4044	\$0.3577
Gillespie WCID	\$0.0001	\$0.0001	\$0.0001	\$0.0001	\$0.0002	\$0.0002	\$0.0002	\$0.0002	\$0.0002	\$0.0002	\$0.0002	\$0.0002	\$0.000191
Hill Country UWCD	\$0.0068	\$0.0070	\$0.0072	\$0.0075	\$0.0080	\$0.0085	\$0.0078	\$0.0078	\$0.0071	\$0.0067	\$0.0062	\$0.0062	\$0.0057
Fredericksburg ISD	\$1.1462	\$1.1462	\$1.1462	\$1.1462	\$1.1462	\$1.1462	\$1.1462	\$1.1462	\$1.1462	\$1.1462	\$1.0762	\$1.0553	\$0.9782
Harper ISD	\$1.0400	\$1.0400	\$1.0400	\$1.0400	\$1.0400	\$1.0400	\$1.0400	\$1.0400	\$1.0400	\$1.0400	\$0.9700	\$0.9453	\$0.8720
Doss CCSD	\$0.9267	\$0.9267	\$0.9267	\$0.9267	\$0.9267	\$0.9267	\$0.9267	\$0.9267	\$0.9267	\$0.9267	\$0.9267	\$0.9537	\$0.8720
Stonewall WCID	\$0.2659	\$0.2949	\$0.3152	\$0.3350	\$0.3350	\$0.3633	\$0.3550	\$0.3813	\$0.3767	\$0.3767	\$0.3701	\$0.3701	\$0.3500
In Fredericksburg	\$1.6428	\$1.6519	\$1.6769	\$1.7286	\$1.7949	\$1.8002	\$1.8002	\$1.8284	\$1.7790	\$1.7868	\$1.722384	\$1.686875	\$1.537614
In County, FISD	\$1.4109	\$1.4154	\$1.4325	\$1.4639	\$1.5349	\$1.5520	\$1.5689	\$1.5884	\$1.5534	\$1.5612	\$1.4951	\$1.4661	\$1.341791
In County, FISD, Stonewall WD	\$1.6768	\$1.7103	\$1.7477	\$1.7989	\$1.8699	\$1.9153	\$1.9239	\$1.9697	\$1.9301	\$1.9379	\$1.8652	\$1.8362	\$1.691791
In HISD	\$1.3047	\$1.3092	\$1.3263	\$1.3577	\$1.4287	\$1.4458	\$1.4627	\$1.4822	\$1.4472	\$1.4550	\$1.3889	\$1.3561	\$1.235591
IN DCCSD	\$1.1914	\$1.1959	\$1.2130	\$1.2444	\$1.3154	\$1.3325	\$1.3494	\$1.3689	\$1.3339	\$1.3417	\$1.3456	\$1.3645	\$1.235591
<b>CITY OF FREDERICKSBURG TAX RATE</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Maintenance & Operations	\$0.1413	\$0.1794	\$0.1917	\$0.1940	\$0.1879	\$0.1992	\$0.1761	\$0.2025	\$0.1627	\$0.1880	\$0.189749	\$0.184625	\$0.168029
Interest & Sinking	\$0.0906	\$0.0571	\$0.0527	\$0.0707	\$0.0721	\$0.0490	\$0.0552	\$0.0375	\$0.0629	\$0.0376	\$0.037535	\$0.036150	\$0.027794
Total Tax Rate	\$0.2319	\$0.2365	\$0.2444	\$0.2647	\$0.2600	\$0.2482	\$0.2313	\$0.2400	\$0.2256	\$0.2256	\$0.227284	\$0.220775	\$0.195823

\* City of Fredericksburg's Property Tax Rate is approximately 5.4% of the total tax rate in Gillespie County

# How is the City able to keep their tax rate so low compared to other cities?

- Sales taxes contribute a large source of funding of the City's General Fund – large portion of sales taxes funded by visitors
- City departments do not always spend all of their budgets during the year – creates additional fund balance carried over to next fiscal year
- City takes conservative approach to adding new staffing – only 180 employees on City staff to provide quality services 365 days a year

# 2022 Property Tax Calculation using the NNR Tax Rate

- Your taxes can be calculated as follows:
- $\text{Property Value} \times \text{Tax Rate} / 100$
- A property valued at \$410,979 (average Taxable Home Value)
- $\$410,979 \times \$0.165262 / \$100 = \$679.19$

# Property Tax Calculation



- Calculation for Frozen Homestead Properties
- Made by Tax Assessor/Collector
- Frozen Homestead Values of \$626,755,347
- Frozen Homestead Tax \$925,706

# Property Tax Calculation

□ Taxes assuming NNR rate of \$0.165262 per \$100	
□ Excluding Frozen Properties	\$4,198,081
□ Frozen Homestead Taxes	\$925,706
□ Total Property Taxes	\$5,123,787

# 2022 Property Tax Rate Comparison

2022 Property Tax Rate Comparison											
Property Value	No New Revenue 0.165262	0.170262	0.175262	0.180262	0.185262	0.190262	0.195262	Last Year's Property Tax Rate 0.195823	Voter Approval 0.221641	Voter Approval vs No New Revenue	Last Year's Property Tax Rate vs No New Revenue
100,000	165.26	170.26	175.26	180.26	185.26	190.26	195.26	195.82	221.64	56.38	30.56
125,000	206.58	212.83	219.08	225.33	231.58	237.83	244.08	244.78	277.05	70.47	38.20
150,000	247.89	255.39	262.89	270.39	277.89	285.39	292.89	293.73	332.46	84.57	45.84
175,000	289.21	297.96	306.71	315.46	324.21	332.96	341.71	342.69	387.87	98.66	53.48
200,000	330.52	340.52	350.52	360.52	370.52	380.52	390.52	391.65	443.28	112.76	61.12
225,000	371.84	383.09	394.34	405.59	416.84	428.09	439.34	440.60	498.69	126.85	68.76
250,000	413.16	425.66	438.16	450.66	463.16	475.66	488.16	489.56	554.10	140.95	76.40
275,000	454.47	468.22	481.97	495.72	509.47	523.22	536.97	538.51	609.51	155.04	84.04
300,000	495.79	510.79	525.79	540.79	555.79	570.79	585.79	587.47	664.92	169.14	91.68
325,000	537.10	553.35	569.60	585.85	602.10	618.35	634.60	636.42	720.33	183.23	99.32
350,000	578.42	595.92	613.42	630.92	648.42	665.92	683.42	685.38	775.74	197.33	106.96
375,000	619.73	638.48	657.23	675.98	694.73	713.48	732.23	734.34	831.15	211.42	114.60
400,000	661.05	681.05	701.05	721.05	741.05	761.05	781.05	783.29	886.56	225.52	122.24
410,979	679.19	699.74	720.29	740.84	761.39	781.94	802.49	804.79	910.90	231.71	125.60
425,000	702.36	723.61	744.86	766.11	787.36	808.61	829.86	832.25	941.97	239.61	129.88
450,000	743.68	766.18	788.68	811.18	833.68	856.18	878.68	881.20	997.38	253.71	137.52
475,000	784.99	808.74	832.49	856.24	879.99	903.74	927.49	930.16	1,052.79	267.80	145.16
500,000	826.31	851.31	876.31	901.31	926.31	951.31	976.31	979.12	1,108.21	281.90	152.81
550,000	908.94	936.44	963.94	991.44	1,018.94	1,046.44	1,073.94	1,077.03	1,219.03	310.08	168.09
600,000	991.57	1,021.57	1,051.57	1,081.57	1,111.57	1,141.57	1,171.57	1,174.94	1,329.85	338.27	183.37
650,000	1,074.20	1,106.70	1,139.20	1,171.70	1,204.20	1,236.70	1,269.20	1,272.85	1,440.67	366.46	198.65
700,000	1,156.83	1,191.83	1,226.83	1,261.83	1,296.83	1,331.83	1,366.83	1,370.76	1,551.49	394.65	213.93
750,000	1,239.47	1,276.97	1,314.47	1,351.97	1,389.47	1,426.97	1,464.47	1,468.67	1,662.31	422.84	229.21
800,000	1,322.10	1,362.10	1,402.10	1,442.10	1,482.10	1,522.10	1,562.10	1,566.58	1,773.13	451.03	244.49
850,000	1,404.73	1,447.23	1,489.73	1,532.23	1,574.73	1,617.23	1,659.73	1,664.50	1,883.95	479.22	259.77
900,000	1,487.36	1,532.36	1,577.36	1,622.36	1,667.36	1,712.36	1,757.36	1,762.41	1,994.77	507.41	275.05
950,000	1,569.99	1,617.49	1,664.99	1,712.49	1,759.99	1,807.49	1,854.99	1,860.32	2,105.59	535.60	290.33
1,000,000	1,652.62	1,702.62	1,752.62	1,802.62	1,852.62	1,902.62	1,952.62	1,958.23	2,216.41	563.79	305.61

\* Average Taxable Home Value

# Property Tax NNR 2021 vs 2022

Property Value	Property Tax Year	NNR Tax Rate	Property Tax
366,192	2021 average taxable home value	0.195823	717.09
410,979	2022 average taxable home value	0.165262	679.19
			<u>(37.90)</u>

# FY 2023 – New Funding for General Fund Services

- Proposed FY 2023 Budget includes new funding for General Fund services including:
  - ▣ Broadband Infrastructure 1,113,000
  - ▣ Police Vehicles (7) 358,193
  - ▣ New Fire Station Architectural Services 100,000
  - ▣ Principal payment - Fire 700 Radios 112,463
  - ▣ Traffic Counting Equipment 12,000
  - ▣ Street Dept Equipment 15,000
  - ▣ Sidewalks 100,000

## FY 2023 – New Funding for General Fund Services

■ S Llano Shared Use Bridge - Ufer Side	350,550
■ Principal - Asphalt Patch Truck	42,011
■ Principal - Side Delivery Broom	25,477
■ Pioneer Restroom Repairs	30,000
■ Paver Replacement Marktplatz	200,000
■ Tatsch House Tables & Chairs	15,000
■ Floor Cleaner	12,000
■ Workman with Sprayer	84,000
■ Infield Groomer with Broom	51,600

## FY 2023 – New Funding for General Fund Services

□ Workman for Marktplatz	15,600
□ Groundsmaster 4000	36,800
□ Groundsmaster 5900	53,200
□ Parks Master Plan	80,000
□ Scoreboards	36,000
□ Update Aerial Photos	<u>11,000</u>
Total General Fund Capital	\$2,853,894

# Approve Proposed Tax Rate



- After the Public Hearing on the Proposed Budget, City Council Approves the Proposed Tax Rate. After the Proposed Tax Rate is set, City Council can approve a tax rate that is the same as or less than the proposed tax rate, but not greater than the proposed tax rate.

# Next Steps



- If City Council proposes a tax rate greater than the NNR – No-New-Revenue rate, a Public Hearing will be scheduled Wednesday, September 14, at the Golf Course at 1:00 PM (if CC approves changing from 6:00 PM)
- September 19, 2022 – Council Adopts Budget and Tax Rate Ordinances at the LEC at 6:00 PM)

# Conclusion



- Adopting the budget and the property tax rate are two of the most important actions a city must take.
- Thank you for your input