



AGENDA
ELGIN CITY COUNCIL SPECIAL MEETING
TUESDAY, SEPTEMBER 8, 2020
ELGIN PUBLIC LIBRARY ANNEX, 404 NORTH MAIN STREET
7:00 PM

Pursuant to the suspension of various provisions of the Texas Open Meetings Act implemented by Governor Greg Abbott on March 16, 2020 due to the Coronavirus Disease (COVID-19), the Elgin City Council will be simultaneously conducting its meeting both in-person and virtually by video/audio conferencing. Members of the public may attend the meeting in person, but overall attendance may be limited due to social distancing requirements. Members of the public may also watch the virtual meeting at https://www.youtube.com/channel/UC3OGBV_IoV0Nr3AqM1jTzA

Members of the public who wish to address the Council under Public Comments or on a particular agenda item may do so in person. Members of the public may also submit their written comments on a particular agenda item or under Public Comments in advance of the meeting by emailing asanchez@ci.elgin.tx.us by 6:00 pm September 7, 2020.

All such comments will be entered into the record at the meeting. Members of the public having any questions in this regard should call 512-229-3222.

I. CALL TO ORDER

II. ROLL CALL

III. INVOCATION

IV. PLEDGE OF ALLEGIANCE

V. PUBLIC HEARING

1. Public Hearing On The Proposed FY20-21 Annual Budget And Ad Valorem (Property) Tax Rate For The City Of Elgin

Documents:

[EXSUMMARY - BUDGET HEARING.PDF](#)
[NOTICE OF PUB HEARING 2021 TAX RATE.PDF](#)

VI. PUBLIC COMMENT

Individuals may request to speak on items on the agenda, and items not on the agenda, by requesting to speak during the meeting and under "PUBLIC COMMENT" and will be required to fill out a "PUBLIC COMMENT FORM" and present it, along with any material, handouts or information for Council, to the City Secretary prior to commencement of the Council meeting. Speaker comments are limited to three (3) minutes.

No formal action can be taken by the City Council on items not posted on the agenda. Items requiring a Public Hearing will allow a member of the public an opportunity to speak during the Public Hearing and does not require submission of a "PUBLIC COMMENT FORM." Speakers must address their comments to the Mayor or Presiding Officer rather than to an individual Council Member or member of Staff. All speakers must limit their comments to the specific subject matter noted on the "PUBLIC COMMENT FORM" and refrain from personal attacks or derogatory comments directed at any Council Member, member of Staff, other individual or group.

VII. CITY MANAGERS REPORT

1. Review And Discussion Of The Proposed City Of Elgin FY20-21 Annual Operating Budget As Presented By The City Manager, Including But Not Limited To Possible Discussion Of All Departments, Operations, Functions, Personnel, Infrastructure, Facilities, Taxes, And Tax Rates; And All Revenues, And Expenditures Related Thereto

Documents:

[EXSUMMARY - BUDGET WORK SESSION.PDF](#)

2. General Activity Report And/Or Project Update

Documents:

[EXSUMMARY - GENERAL ACTIVITY REPORT.PDF](#)

VIII. NEW BUSINESS

1. AN ORDINANCE APPROVING AND ADOPTING A BUDGET FOR THE CITY OF ELGIN, TEXAS FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2020, AND ENDING SEPTEMBER 30, 2021, IN ACCORDANCE WITH THE LOCAL GOVERNMENT CODE OF THE STATE OF TEXAS AND THE ORDINANCES AND RULES OF THE CITY OF ELGIN, TEXAS; APPROPRIATING THE VARIOUS AMOUNTS THEREOF, AND REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT THEREWITH AND PROVIDING FOR AN EFFECTIVE DATE.

Documents:

[EXSUMMARY - ORD BUDGET ADOPTION.PDF](#)
[ORDBUDGETFY2021.PDF](#)
[FY2021 BUDGET MESSAGE1.PDF](#)

2. AN ORDINANCE LEVYING AD VALOREM TAXES FOR MAINTENANCE AND OPERATION OF THE MUNICIPAL GOVERNMENT OF THE CITY OF ELGIN, TEXAS, FOR THE 2020-21 FISCAL YEAR; AND PROVIDING FOR THE INTEREST AND SINKING FUND FOR THE 2020 TAX YEAR AND PROVIDING FOR AN EFFECTIVE DATE

Documents:

[EXSUMMARY - ORD TAX RATE ADOPTION.PDF](#)
[ORDTAXRATEFY2021.PDF](#)
[NOTICE OF PUB HEARING 2021 TAX RATE.PDF](#)

IX. EXECUTIVE SESSION

The City Council may announce that it will adjourn the public meeting at any time during the meeting and convene in Executive Session pursuant to Chapter 551 of the Texas Government Code to discuss any matter as specifically listed on the agenda and/or as permitted by Chapter 551 of the Texas Government Code.

X. RECONVENE

The City Council will return to open session for possible discussion and action as a result of the Executive Session

XI. ANNOUNCEMENTS

XII. ADJOURMENT

Notice of Assistance at Public Meetings, the City of Elgin is committed to compliance with the Americans with Disabilities Act. Elgin City Hall and Council Chambers are wheelchair accessible and special marked parking is available. Persons with Disabilities who plan to attend this meeting and who may need assistance are requested to contact the City Secretary's Office at (512)229-3222. Please provide forty-eight hours notice when feasible.

I, Amelia Sanchez, City Secretary for the City of Elgin, hereby certify this notice was posted at the City Hall Annex of the City of Elgin, Texas on or before Friday, September 4, 2020, in accordance with Chapter 551 of the Texas Government Code.

Amelia Sanchez, City Secretary



Elgin City Council Meeting Agenda Item Executive Summary

ITEM: Public Hearing on the Proposed FY20-21 Annual Budget and Ad Valorem (Property) Tax Rate for the City of Elgin

DEPARTMENT: City Manager

PROPOSED ACTION:

No Council action proposed; This item is to allow for public comments on the proposed FY20-21 Annual Budget and Property Tax Rate prior to its consideration for adoption by the City Council.

BACKGROUND:

Discussed at previous meetings; This hearing was scheduled as part of the Budget Development Calendar and represents one of the final steps in the development of the FY20-21 Annual Budget.

The proposed *FY20-21 Annual Budget* is a zero-based, balanced, and appropriately conservative financial plan wherein all operating expenditures are supported by revenue generated during the fiscal year; and was developed through a comprehensive review of financing for all existing programs, operations, and services. The proposed budget does not include deficit spending and/or utilization of fund balance for operating expenses.

Although the City's budget continues to evolve and expand in other ways, Real Estate and/or Property (Ad Valorem) Taxes still provide the foundation for supporting the General Fund. This stable source of income provides assured funding each year for essential city services- public safety, public works, parks and recreation programming, library, mobility, asset maintenance, etc.

The proposed *FY20-21 Annual Budget* is predicated on a reduction of the current property tax rate to \$.635663/\$100 valuation.

BUDGET/FINANCIAL IMPACT:

Funding for this item was { } included { } not included in the current-year budget {X} N/A

RECOMMENDATION: N/A

ATTACHMENTS:

City Manager's Budget Message and Property Tax Rate Notice (*Council has already been provided copies of the Budget document, which is available for review by the public at City Hall or the Elgin Public Library or at elgin.tx.us*).

{ } Staff will be making a detailed presentation on this agenda item at the meeting.

{ } Staff will provide brief comments and answer questions on this item at the meeting.

{X} This is a routine procedural item and no presentation is planned for the meeting.

Councilmembers who have any detailed questions or would like to request additional information regarding this item are encouraged to contact the City Manager at their earliest convenience.

NOTICE OF PUBLIC HEARING ON TAX INCREASE

A tax rate of .635663 per \$100 valuation has been proposed by the governing body of City of Elgin.

PROPOSED TAX RATE	\$0.635663 per \$100
NO-NEW REVENUE TAX RATE	\$0.596735 per \$100
VOTER-APPROVAL TAX RATE	\$0.635670 per \$100
DE MINIMIS RATE	\$0.701065 per \$100

The no-new-revenue tax rate is the tax rate for the 2020 tax year that will raise the same amount of property tax revenue for City of Elgin from the same properties in both the 2019 tax year and the 2020 tax year.

The voter-approval tax rate is the highest tax rate that City of Elgin may adopt without holding an election to seek voter approval of the rate, unless the de minimis rate for City of Elgin exceeds the voter-approval tax rate for City of Elgin

The de minimis rate is the rate equal to the sum of the no-new-revenue maintenance and operations rate for City of Elgin, the rate that will raise \$500,000, and the current debt rate for City of Elgin

The proposed tax rate is greater than the no-new-revenue tax rate. This means that City of Elgin is proposing to increase property taxes for the 2020 tax year.

A public hearing on the proposed tax rate will be held on September 01, 2020 at 7:00pm at Civic Center 404 N. Main St. Elgin TX 78621.

The proposed tax rate is not greater than the voter-approval tax rate. As a result, City of Elgin is not required to hold an election at which voters may accept or reject the proposed tax rate. However, you may express your support for or opposition to the proposed tax rate by contacting the members of the of City of Elgin at their offices or by attending the public meeting mentioned above.

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

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

The members of the governing body voted on the proposed tax increase as follows:

FOR: Mayor Cannon, Council Members Bega, Penson, Arreaga, Jones, Dennis, and Brashar

AGAINST: 0

PRESENT and not voting: 0

ABSENT: Council Members Lopez and Gonzalez

The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state.

The following table compares the taxes imposed on the average residence homestead by City of Elgin last year to the taxes proposed to be imposed on the average residence homestead by City of Elgin this year:

	<u>2019</u>	<u>2020</u>	. Change
Total Tax Rate {per\$100 of value}	\$0.656920	\$0.635663	<i>decrease of</i> -\$0.021257 OR -3.24o/c
: Average homestead taxable value	\$154,424	\$163,492	<i>increase of</i> 5.87%
. Tax on average ho111stead	\$1,014	\$1,039	<i>increase C?f</i> \$25 OR 2.44%
Total tax levy on all properties	\$4,043,423	\$4,000,821	<i>. increase of</i> -\$42,602 OR -1.05%

For assistance with tax calculations, please contact the tax assessor for City of Elgin at (512) 229-3214 or ccunningham@ci.elgin.tx.us, or visit elgintx.com for more information.



Elgin City Council Meeting Agenda Item Executive Summary

ITEM: Review and discussion of the proposed City of Elgin FY20-21 Annual Operating Budget as presented by the City Manager, including but not limited to possible discussion of all departments, operations, functions, personnel, infrastructure, facilities, taxes, and tax rates; and all revenues, and expenditures related thereto

DEPARTMENT: City Manager

PROPOSED ACTION:

This item is for a wide-ranging discussion and Q&A between Council and the staff as it relates to the FY20-21 Annual Operating Budget as proposed by the City Manager.

BACKGROUND:

Discussed at previous meetings; The proposed *FY20-21 Annual Operating Budget* has been prepared and presented to Council in accordance with the provisions of Article VII, Section 2 of the Elgin City Charter. The comprehensive document includes the staff-recommended spending plan for all city funds and departments for the fiscal year of October 1, 2020 through September 30, 2021.

BUDGET/FINANCIAL IMPACT:

Funding for this item was { } included { } not included in the current-year budget {X} N/A

RECOMMENDATION:

Full discussion and review of the proposed FY20-21 Annual Operating Budget; and direction to staff, if any, regarding same.

ATTACHMENTS:

None (*Council has already been provided copies of the Budget document, which is available for review by the public at City Hall or the Elgin Public Library or on-line at elgin.tx.us.*)

- { } Staff will be making a detailed presentation on this agenda item at the meeting.
- {X} Staff will provide brief comments and answer questions on this item at the meeting.
- { } This is a routine procedural item and no presentation is planned for the meeting.

Councilmembers who have any detailed questions or would like to request additional information regarding this item are encouraged to contact the City Manager at their earliest convenience.



Elgin City Council Meeting Agenda Item Executive Summary

ITEM: General Activity Report and/or Project Update

DEPARTMENT: City Manager/Staff

PROPOSED ACTION:

No Council action proposed or requested; This item is to allow for general update and/or activities report relating to various on-going city projects or issues.

BACKGROUND:

This item is to provide opportunities for miscellaneous updates and comments by the staff; and general Q&A with the City Council relative to on-going projects and/or issues.

BUDGET/FINANCIAL IMPACT:

Funding for this item was { } included { } not included in the current-year budget {X}
N/A

RECOMMENDATION:

N/A

ATTACHMENTS:

None.

{ } Staff will be making a detailed presentation on this agenda item at the meeting.

{X} Staff will provide brief comments and answer questions on this item at the meeting.

{ } This is a routine procedural item and no presentation is planned for the meeting.

Councilmembers who have any detailed questions or would like to request additional information regarding this item are encouraged to contact the City Manager at their earliest convenience



Elgin City Council Meeting Agenda Item Executive Summary

ITEM: AN ORDINANCE APPROVING AND ADOPTING A BUDGET FOR THE CITY OF ELGIN, TEXAS FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2020, AND ENDING SEPTEMBER 30, 2021, IN ACCORDANCE WITH THE LOCAL GOVERNMENT CODE OF THE STATE OF TEXAS AND THE ORDINANCES AND RULES OF THE CITY OF ELGIN, TEXAS; APPROPRIATING THE VARIOUS AMOUNTS THEREOF, AND REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT THEREWITH AND PROVIDING FOR AN EFFECTIVE DATE.

DEPARTMENT: City Manager

PROPOSED ACTION:

Consideration and adoption of the Appropriations Ordinance approving and adopting the FY2020-21 Annual Operating Budget.

BACKGROUND:

Discussed at previous meetings; The FY2020-21 Annual Budget is a zero-based, balanced, and appropriately conservative financial plan wherein all operating expenditures are supported by revenue generated during the fiscal year; and was developed through a comprehensive review of financing for all existing programs, operations, & services. The grand total of all appropriations for all departments, operations, and functions proposed for the FY2020-21 Annual Budget is \$18,799,672.

While the primary goal of the proposed budget is to maintain existing service levels, the staff remains focused on enhancing service levels wherever possible. The proposed budget does not include deficit spending and/or utilization of fund balance for operating expenses.

The City Council conducted a Public Hearing on the Proposed FY2020-21 Annual Budget at its September 1 Regular Meeting.

BUDGET/FINANCIAL IMPACT:

Funding for this item was { } included { } not included in the current-year budget {x} N/A

RECOMMENDATION:

Adoption of the Appropriations Ordinance approving and adopting the FY2020-21 Annual Operating Budget., as may or may not be amended.

ATTACHMENTS:

City Manager's Budget Message (*Council has already been provided copies of the Budget document, which is available for review by the public at City Hall or the Elgin Public Library or at elgin.tx.us*).

{ } Staff will be making a detailed presentation on this agenda item at the meeting.

{X} Staff will provide brief comments and answer questions on this item at the meeting.

{ } This is a routine procedural item and no presentation is planned for the meeting.

Councilmembers who have any detailed questions or would like to request additional information regarding this item are encouraged to contact the City Manager at their earliest convenience.

ORDINANCE NO. _____

AN ORDINANCE APPROVING AND ADOPTING A BUDGET FOR THE CITY OF ELGIN, TEXAS FOR THE FISCAL YEAR BEGINNING OCTOBER 1, 2020, AND ENDING SEPTEMBER 30, 2021, IN ACCORDANCE WITH THE LOCAL GOVERNMENT CODE OF THE STATE OF TEXAS AND THE ORDINANCES AND RULES OF THE CITY OF ELGIN, TEXAS; APPROPRIATING THE VARIOUS AMOUNTS THEREOF, AND REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT THEREWITH AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City Manager of the City of Elgin has submitted to the City Council, a proposed budget of revenues and expenditures of the City of Elgin; and,

WHEREAS, the City Council has received said proposed budget, a copy which has been filed with the City Secretary of the City of Elgin; and,

WHEREAS, proper and timely notice that public hearings on such budget would be held on September 1, 2020 was given and made in accordance with the law and within the time limits set forth by law; and

WHEREAS, such public hearings were held in accordance with the law on September 1st, prior to final adoption of this Ordinance;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ELGIN, THAT:

Section 1 The proposed budget of revenue and expenses for conducting the affairs of the City of Elgin, providing a financial plan for the ensuing fiscal year beginning October 1, 2020, and ending September 30, 2021, as submitted to the City Council by the City Manager of said City, and which budget is attached hereto as Exhibit "A", and the same is in all things adopted and approved as the budget of all current expenditures/expenses as well as fixed charges against said City for the fiscal year beginning October 1, 2020, and ending September, 30, 2021.

Section 2 The sums below are hereby appropriated from the prospective funds for the payment of expenditures on behalf of the city government as established in the approved budget document for the fiscal year ending September 30, 2021.

Section 3 In accordance with § 102.008(1), Local Government Code, The Director of Finance is directed to file with the City Secretary a true copy of the final budget as adopted by the City Council, and the City Secretary is directed to certify as a true copy said budget and file it with this Ordinance in the official records of the City.

Section 4 In accordance with § 102.008(2), Local Government Code, The Director of Finance is directed to act to ensure that a copy of the budget is posted on the City's website.

Section 5 All ordinances or parts of ordinances in conflict with this Ordinance are hereby amended to the extent of such conflict. In the event of a conflict or inconsistency between this ordinance and any other code or ordinance of the city, the terms and provisions of this ordinance shall govern.

Section 6 The provisions of this Ordinance are severable, and if any court of competent jurisdiction enters a final order which holds that any section, subsection, sentence, clause, phrase, or other portion of this Ordinance is invalid, illegal, or otherwise unenforceable, then any such portion shall be deemed a separate, distinct and independent provision, and any such ruling shall not affect any other provision of this Ordinance which are not specifically designated as being illegal, invalid or unenforceable, and that all said remaining provisions shall continue in full force and effect.

Section 7 The City Council hereby finds and declares that written notice of the date, hour, place and subject of the meeting at which this Ordinance was adopted was posted and that such meeting was open to the public as required by law at all times during which this Ordinance and the subject matter hereof were discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended.

Section 8 This Ordinance shall be and remain in full force and effective on October 1, 2019, in accordance with state law.

PASSED AND ADOPTED this 8th day of September 2020

CHRIS CANNON, Mayor
City of Egin, Texas

ATTEST:

AMELIA SANCHEZ, City Secretary



City of Elgin Office of the City Manager

City Hall • 310 North Main Street • P.O. Box 591
Elgin, Texas 78621

August 4, 2020

Mayor and City Council
City of Elgin
310 North Main Street
Elgin, Texas 78621

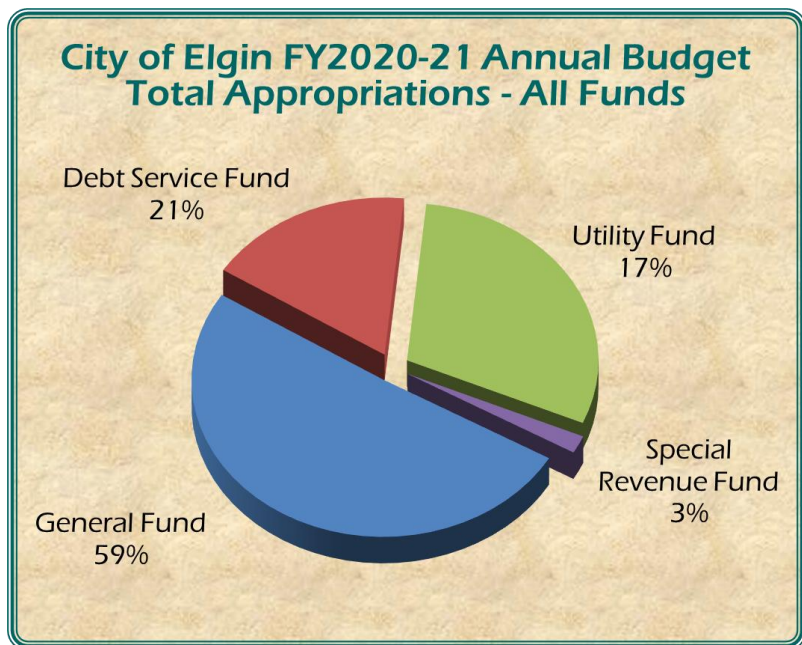
Re: City Manager's FY2020-21 Annual Budget Message

Dear Mayor Cannon and City Councilmembers,

In accordance with the provisions of Article VII, Section 2 of the Elgin City Charter, the proposed *Annual Operating Budget* for the City of Elgin for the Fiscal Year of October 1, 2020 through September 30, 2021, is hereby presented for your consideration.

The grand total of all appropriations for all departments, operations, and functions proposed for the *FY2020-21 Annual Budget* is **\$18,799,672** to be generally distributed as described below.

The proposed *FY2020-21 Annual Budget* is a zero-based, balanced, and appropriately conservative financial plan wherein all operating expenditures are supported by revenue generated during the fiscal year; and was developed through a comprehensive review of financing for all existing programs, operations, & services.



While the primary goal of the proposed budget is to maintain existing service levels, the staff remains focused on enhancing service levels wherever possible.

The proposed budget does not include deficit spending and/or utilization of fund balance for operating expenses.

The *FY2020-21 Annual Budget* as proposed is delineated into four (4) basic funding categories:

- **General Fund (\$9.54M)** - revenues and expenditures related to the provision of primary or traditional city services whose main financial support comes from tax dollars.
- **Utility Fund (\$5.62M)** - an enterprise fund monitoring all financial transactions relating to the provision of potable water and sanitary sewer services through the city's systems.
- **Debt Management Fund (\$3.30M)** – all proceeds and expenditures related to servicing, annual payments, and/or management of various debt obligations
- **Special Revenue Funds (\$.341M)** revenues and expenditures related to various projects and programs that are supported by a dedicated revenue stream, including grant funds

FY2020-21 ANNUAL BUDGET - Budget Highlights and Issues

The City of Elgin finds itself in unique and unprecedented times as we prepare to enter the new fiscal year. Anticipated growth and the associated evolution of Elgin from a small rural town to a full-service city are becoming a reality.

Four new residential developments are now actively engaged in construction; and at least three more should begin construction in the next 6-12 months. Those seven projects alone will result in over 3,800 new homes at total build-out, which would more than double the population of Elgin in the next 3-5 years. Commercial development will obviously accompany this residential growth (*See Appendix B - "Residential Development Update" report for further details on anticipated growth*).

Over the past four years, the City has faced various challenges in the financial planning process including operating deficits in both the General Fund and Development Services, in addition to a substandard unencumbered fund balance. Due to budgetary decisions made by Council in recent years, however, these issues have been addressed and - assuming the City of Elgin Economic Development Corporation (EDC) returns the \$2M loaned to them in 2017 – city operations are now on sound financial ground. Furthermore, we anticipate the current fiscal year to end with an operating surplus in both the General and Utility Funds. (*For further details on the many advancements achieved over the past four years see Appendix A – "City Growth and Progress 2016-20" report*)

Coronavirus (COVID-19) Impacts

Although these would typically be times of great optimism regarding the growth and positive development anticipated for the City, the Coronavirus (COVID-19) pandemic has created an environment of uncertainty that must be recognized in all future planning.

The pandemic has clearly impacted the personal lives of Elgin residents, as it has created financial, health, and safety challenges for us all. As a community, we have also struggled to effectively combat the spread of the virus locally.

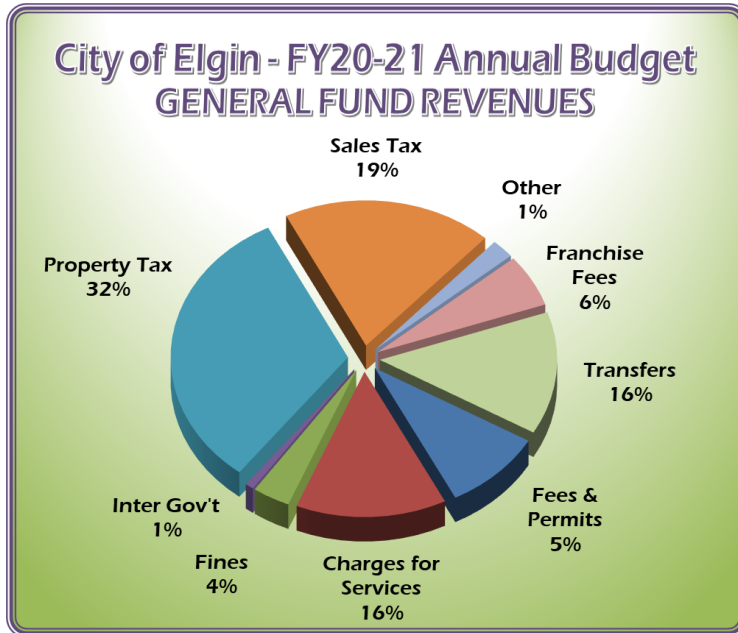
COVID has also certainly impacted the City's ability to deliver services and has challenged us to maintain a safe working environment for our employees. The City Council and staff were confronted in an unprecedented way at the onset of the pandemic to "keep the City open" and address public concerns regarding a situation no one had ever experienced before. Based on the response from our citizenry and employees, however, we have generally met their expectations.

We are hopeful that the City and city operations will evolve to a "new normal" soon, but staff will also continue a comprehensive monitoring of the situation as we move forward.

Ironically, at this point in time, the pandemic has not adversely impacted city finances. In fact, the City actually seems to have derived some financial benefit from COVID impacts in recent months (that are discussed later in the message).

GENERAL FUND REVENUE

- **Property Taxes** – Basic city operations and funding continue to grow and evolve in a manner that is responsive to increasing community demands. Property (Ad Valorem) Taxes provide the foundation of financial support for essential city services provided through the General Fund.



The proposed **FY20-21 Budget** is predicated on maintaining the current property tax rate of **\$.6569/\$100 valuation** (the same rate as the last five years).

Property Tax revenue projected for FY20-21 assumes moderate growth in the city's taxable valuation, as increased home construction is anticipated as various residential development projects come on-line by the end of the fiscal year.

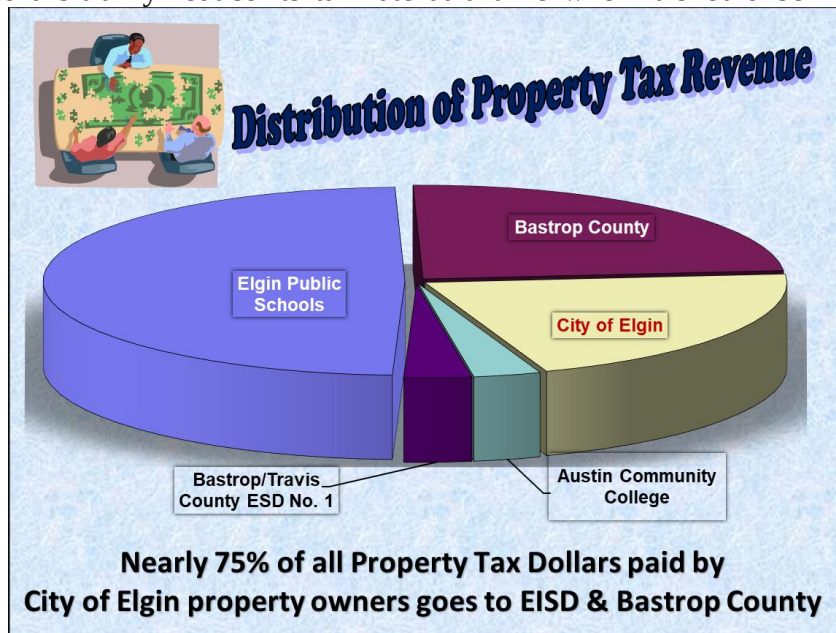
However, while the City needs to develop increased resources to respond to the service demands of a fast-growing community, the *Texas Property Tax Reform and*

Transparency Act of 2019 has compromised our ability to do so.

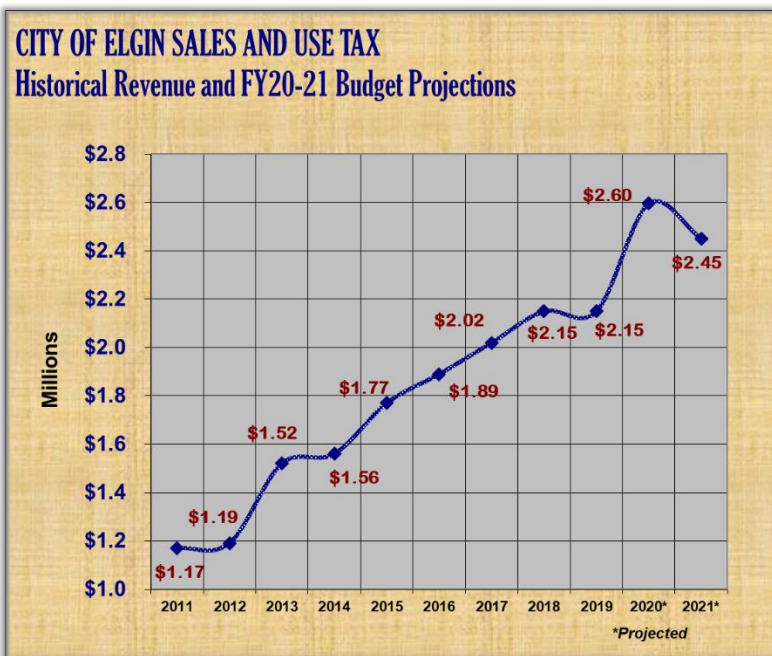
The City is now required to obtain voter approval to increase property tax revenues – as described by state law - more than 8% above the previous year. Prior to the *Act of 2019*, Texas cities like Elgin were trusted to make their own decisions regarding property taxes for their community. Now, though, the City may be forced to arbitrarily reduce its tax rate at a time when it should be benefitting from growth and securing increased funding that will be required to meet new service demands.

As final property appraisal numbers are still being determined at this time, however, it remains unclear as to whether maintaining the existing rate will represent what is referred to as an increase in excess of 8%.

And, whenever considering the City's financial resources and taxes, it is always important to remember that for all the services it provides, the City receives **only \$.21 out of every property tax dollar** – and that every *City of Elgin* property owner continues to pay **more** in property taxes each year to *Bastrop County* than it does the *City of Elgin*.



• **Sales Tax** - The State of Texas imposes a 6.25% sales and use tax on “all retail sales, leases and rentals of most goods, as well as taxable services”. The City of Elgin, like nearly all Texas



cities, imposes an additional 2.0% sales and use tax for a maximum combined rate of 8.25%. Of that total, Bastrop County receives 0.5% and the City of Elgin Economic Development Corporation (EDC) receives 0.5%. **So, of the 8.25% sales and use tax all consumers pay in Elgin, the City receives just 1.0% in support of operations and services.**

While over the last decade the City has experienced a moderate but steady increase in sales tax revenue, the current year has resulted in a significant change in that pattern.

In what appears to be primarily a direct result of the impacts of COVID-related stay-at-home and restricted travel orders, retail sales – and corresponding sales tax revenues - have increased significantly during the current fiscal year. The City has already reached a number of milestones in FY19-20 as it relates to overall Sales Tax Revenue:

- Total Sales Tax Revenue (including the City EDC portion) is currently projected to exceed **\$2.5M** by FY19-20 year-end – by far the City’s highest annual total ever.
- Total revenue for the month of March was \$301,448 – the highest one-month amount in the City’s history (*and the first time a single month’s revenue had exceeded \$300,000*)
- Prior to this past year, the City only had a total of four (4) different months in its history where total combined Sales Tax Revenue exceeded \$200,000. In the first ten months of FY19-20 alone, the City had **seven (7) months that exceeded \$200,000** and two (2) other months that exceeded \$194,000.

This situation brings a new meaning to our “Shop at Home” campaigns. While those efforts are typically seen as promoting local small businesses, these numbers demonstrate a clear and tangible financial impact from residents shopping at home. Obviously, Wal-Mart and HEB are currently Elgin’s top Sales Tax producers. Accordingly, it seems safe to assume that during the pandemic restrictions, residents who shop these big retailers have been doing more so at home instead of other locations outside of the City.

If this pattern could continue, it would have a significantly positive impact on city finances. It would be premature at this time, however, to assume that such revenue growth will continue at this same rate throughout the next fiscal year, when the world will presumably be “returning to normal” from the COVID pandemic. As such, overall Sales & Use Tax Revenue included in the proposed *FY20-21 Budget* is projected at a sizable *decrease* over the current-year (-6%), even though this will be during a time that the City is anticipated to continue to experience overall economic growth.

GENERAL FUND EXPENDITURES

The General Fund is the primary operating fund of the City of Elgin and is utilized to account for all costs traditionally associated with city government. It is similar to a private entity's general ledger account, providing resources to pay for all administrative and operating expenses. Within City of Elgin operations, General Fund Expenditures are those costs associated with the provision of essential city services including, but not limited to public safety, parks, recreation, library, public works, mobility, and asset maintenance. The primary sources of income supporting the General Fund are Property and Sales Taxes.

INTERNAL SERVICES DEPARTMENT

New to the budget, the *Internal Services Department* will be a centralized office designed to more effectively distribute existing operational resources related to information technology (IT), fleet, and facilities management.

The City maintains a substantial on-going investment in IT, vehicles, equipment, and facilities that are a mandatory component to the effective delivery of all city services. Currently the City owns and maintains 55 vehicles, 37 pieces of motorized equipment, and 12 buildings or facilities. To date, however, all IT, fleet, and facilities management has been done on a departmental basis.

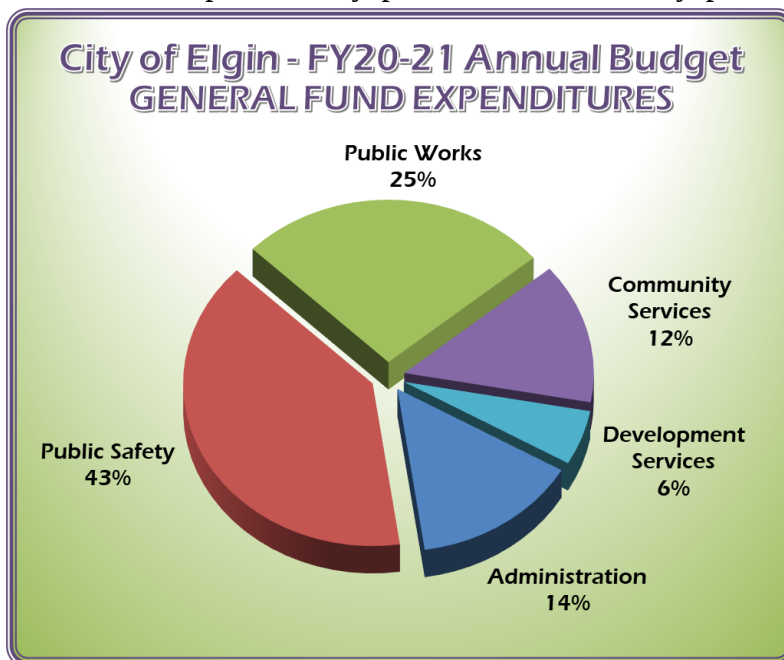
Moving forward, the *Internal Services Department* will embrace a much broader view of these functions on an operations-wide basis. Managing these assets in this manner will create a much more comprehensive, consistent, and cost-effective approach to all maintenance and acquisition activities – which will also include “charge-backs” to the applicable departments for such services, providing a much clearer picture of departmental costs related to same.

A new full-time Administrative Assistant position has been included in the proposed budget to help manage this new department; but there will be no other net cost impacts, as all other department expenditures are a re-assignment of existing costs associated with other city operations.

STAFFING

The proposed budget includes full-year funding for up to **one hundred thirty-four (134) total city employees**: ninety-eight (98) full-time, sixteen (16) part-time positions, and twenty (20) seasonal positions. New positions included in the proposed *FY20-21 Budget* are:

- One (1) new Personnel Assistant position in the Human Resources Department
- One (1) new Building Official position in the Development Services Department
- One (1) new Main Street Manager position in the Community Development Department
- Two (2) new Patrol Officers positions in the Police Department (*starting in January*)
- One (1) new Administrative Assistant for new Internal Services Department



EMPLOYEE COMPENSATION

As part of the City's on-going focus to provide the highest possible level in city services, we must also strive to provide appropriate and market-competitive compensation for all city employees.

A comprehensive analysis of current compensation for all employees has been completed and a revised classification/compensation plan for all employees is anticipated for inclusion in the budget. All resulting pay adjustments are planned for an effective date of October 1, 2020.

Funding of this program is included as a yet-to-be-departmentally-budgeted set-aside of approximately \$200,000. The compensation study and corresponding pay adjustments (which include an increase for the vast majority of all full-time employees of at least 2.0%) are proposed in lieu of any Cost of Living Adjustment for FY20-21.

This analysis/plan will not include Police Department employees (except for the Chief and administrative staff), as the Council committed to a three-year funding plan to address their compensation issues two years ago. Accordingly, the proposed FY20-21 Budget includes a 2.0% pay increase for EPD Uniformed Officers and Telecommunications employees.

Analysis is on-going, but it is currently anticipated that **Employee Health Insurance** costs – for both the City and employees – will not increase for FY20-21.

UTILITY RATES

The City has successfully stabilized its Utility Fund over the last two years by addressing issues related to operating deficits and additional debt service. As part of that effort, the Council adopted a policy of including a small, annual inflationary adjustment to basic water and sewer rates.

Waste Management, the City's contractor service provider for curbside collection of household trash and recyclables, has notified the City that they intend to exercise their option under their contract to increase rates by 2.85%, which will be passed on to our utility customers.

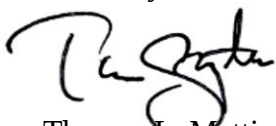
CAPITAL PROJECTS/DEBT PLANNING

The coming year is anticipated to also include major upgrades to certain public infrastructure. Although final financing decisions have not been made - and related impacts are not included in the proposed budget, the wastewater treatment plant expansion, wastewater system expansion on FM1704, and Phase 1 of the County Line Road are major projects that are anticipated to move forward in the coming months through debt issuance – which will further impact the budget.

The coming twelve months will likely prove to be historic for the City of Elgin in many ways. Safety and livability will continue to be our primary focus, but there is also great excitement associated with our growing community. The uncertainty of the COVID pandemic, however, and its future impacts on Elgin and the nation as whole will also require deliberate planning and effective execution. We look forward to the challenge.

On behalf of the city staff, I thank the Mayor and City Council for the opportunity to serve the citizens of Elgin during this exciting time.

Sincerely,



Thomas L. Mattis
City Manager



Elgin City Council Meeting Agenda Item Executive Summary

ITEM: AN ORDINANCE LEVYING AD VALOREM TAXES FOR MAINTENANCE AND OPERATION OF THE MUNICIPAL GOVERNMENT OF THE CITY OF ELGIN, TEXAS, FOR THE 2020-21 FISCAL YEAR; AND PROVIDING FOR THE INTEREST AND SINKING FUND FOR THE 2020 TAX YEAR AND PROVIDING FOR AN EFFECTIVE DATE

DEPARTMENT: City Manager

PROPOSED ACTION: Consideration and adoption of the Ordinance levying an ad valorem or property tax rate in support of the FY2020-21 Annual Operating Budget.

BACKGROUND:

Discussed at previous meetings; The FY2020-21 Annual Budget is a balanced and conservative financial plan wherein all operating expenditures are supported by revenue generated during the fiscal year.

Although the City's budget continues to evolve and expand in other ways, Real Estate and/or Property (Ad Valorem) Taxes still provide the foundation for supporting the General Fund. This stable source of income provides assured funding each year for essential city services- public safety, public works, parks and recreation programming, library, mobility, asset maintenance, etc.

The proposed FY20-21 Annual Budget is predicated on a reduction of last year's property tax rate of **\$0.656916** to **\$0.635663**/\$100 valuation. The City Council conducted a Public Hearing on the Proposed FY2020-21 Ad Valorem Tax Rate at its September 1 Regular Meeting.

Despite the confusing language included in the Ordinance that is now mandated by state law, all City of Elgin property owners **whose property valuation stays the same this year as it did last year** will experience a reduction in their City property taxes.

A home that was assessed at a valuation at \$200,000 last year paid \$1,313.83 in city property taxes. If that same home maintains its assessed value of \$200,000 for the coming tax year, its city property taxes will be \$1,271.33 – a reduction in city taxes of \$42.51 (3.24%).

BUDGET/FINANCIAL IMPACT:

Funding for this item was { } included { } not included in the current-year budget {x} N/A

RECOMMENDATION:

Adoption of the Appropriations Ordinance levying an ad valorem or property tax rate in support of the FY2020-21 Annual Operating Budget.

ATTACHMENTS: Property Tax Rate Notice/Calculations

{ } Staff will be making a detailed presentation on this agenda item at the meeting.

{X} Staff will provide brief comments and answer questions on this item at the meeting.

{ } This is a routine procedural item and no presentation is planned for the meeting.

Councilmembers who have any detailed questions or would like to request additional information regarding this item are encouraged to contact the City Manager at their earliest convenience.

ORDINANCE NO. _____

AN ORDINANCE LEVYING AD VALOREM TAXES FOR MAINTENANCE AND OPERATION OF THE MUNICIPAL GOVERNMENT OF THE CITY OF ELGIN, TEXAS, FOR THE 2020-21 FISCAL YEAR; AND PROVIDING FOR THE INTEREST AND SINKING FUND FOR THE 2020 TAX YEAR AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City Manager has submitted to the City Council, a proposed ad valorem tax rate to provide funding in support of the FY2020-21 City of Elgin Annual Operating Budget; and,

WHEREAS, proper and timely notice that a public hearing on such proposed ad valorem tax rate would be held on September 1, 2020 was given and made in accordance with the law and within the time limits set forth by law; and

WHEREAS, said public hearing was held in accordance with the law on September 1st, prior to final adoption of this Ordinance.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ELGIN:

Section 1 That there is hereby levied and there shall be collected for the **maintenance and operation** of the municipal government of the City of Elgin, Texas for the 2020-21 Fiscal Year upon all property, real, personal and mixed, within the corporate limits of said City subject to taxation, a tax of **\$0.415379** cents on each One Hundred Dollars (\$100) valuation on property.

DESPITE THE FACT THAT THIS IS A REDUCTION IN THE TAX RATE FROM LAST YEAR, THIS TAX RATE WILL RAISE MORE TAXES FOR **MAINTENANCE AND OPERATIONS** THAN LAST YEAR'S TAX RATE BY VIRTUE OF THE ADDITION OF NEW PROPERTY AND INCREASES IN ASSESSED VALUE OF CERTAIN PROPERTIES. TAX RECEIPTS WILL BE RAISED BY 5.87% PER CENT. AN EQUIVALENT BUT NOT ACTUAL INCREASE IN TAXES ON A HOME WITH AN ASSESSED VALUE OF \$163,492 WOULD BE APPROXIMATELY \$25.00.

Section 2 That there is hereby levied and there shall be collected for the City of Elgin, Texas to provide for **Interest and Sinking Funds** for the 2020-21 Fiscal Year upon all property, real, personal and mixed, within the corporate limits of said City subject to taxation, a tax of **\$0.220284** cents on each One Hundred Dollars (\$100) valuation on property.

SUMMARY

1. Maintenance and operations of the general government (General Fund),	\$0.415379
2. Interest and Sinking fund (Debt Rate)	<u>\$0.220284</u>
Total Tax per \$100 of valuation	\$0.635663

Section 3 That the City Secretary shall ensure that the City's home page of its internet website shall include the following statement: "THE CITY OF ELGIN ADOPTED A TAX RATE THAT WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEARS EQUIVALENT TAX RATE."

Section 4 That all monies collected under this Ordinance for the specific items herein named, be and the same hereby appropriated and set apart for the specific purposes indicated in each item and the Assessor/Collector of Taxes, and the Director of Finance shall keep these accounts so as to readily and distinctly show the amount collected, the amount expended and the amount on hand at any time belonging to such funds. All receipts for the City not specifically apportioned are hereby made payable to the General Fund.

Section 5 Taxes levied under this Ordinance shall be due October 1, 2020, and if not paid on or before January 31, 2021 shall immediately become delinquent.

Section 6 All taxes shall become a lien upon the property against which assessed, and the tax assessor and collector for the City of Elgin is hereby authorized and empowered to enforce the collection of such taxes according to the Constitution and laws of the State of Texas and Ordinances of the City of Elgin shall, by virtue of the tax rolls, fix and establish a lien by levying upon such property, whether real or personal, for the payment of said taxes, penalty and interest, and the interest and penalty collected from such delinquent taxes shall be appropriated to the General Fund of the City of Elgin. All delinquent taxes shall bear interest from date of delinquency at the rate prescribed by state law.

Section 7 All ordinances or parts of ordinances in conflict with this Ordinance are hereby amended to the extent of such conflict. In the event of a conflict or inconsistency between this ordinance and any other code or ordinance of the city, the terms and provisions of this ordinance shall govern.

Section 8 The provisions of this Ordinance are severable, and if any court of competent jurisdiction enters a final order which holds that any section, subsection, sentence, clause, phrase, or other portion of this Ordinance is invalid, illegal, or otherwise unenforceable, then any such portion shall be deemed a separate, distinct and independent provision, and any such ruling shall not affect any other provision of this Ordinance which are not specifically designated as being illegal, invalid or unenforceable, and that all said remaining provisions shall continue in full force and effect.

Section 9 The City Council hereby finds and declares that written notice of the date, hour, place and subject of the meeting at which this Ordinance was adopted was posted and that such meeting was open to the public as required by law at all times during which this Ordinance and the subject matter hereof were discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended.

Section 10 This Ordinance shall take effect and be in force from October 1, 2020, in accordance with state law.

PASSED AND ADOPTED this 8th day of September 2020

CHRIS CANNON, Mayor
City of Egin, Texas

ATTEST:

AMELIA SANCHEZ, City Secretary

NOTICE OF PUBLIC HEARING ON TAX INCREASE

A tax rate of .635663 per \$100 valuation has been proposed by the governing body of City of Elgin.

PROPOSED TAX RATE	\$0.635663 per \$100
NO-NEW REVENUE TAX RATE	\$0.596735 per \$100
VOTER-APPROVAL TAX RATE	\$0.635670 per \$100
DE MINIMIS RATE	\$0.701065 per \$100

The no-new-revenue tax rate is the tax rate for the 2020 tax year that will raise the same amount of property tax revenue for City of Elgin from the same properties in both the 2019 tax year and the 2020 tax year.

The voter-approval tax rate is the highest tax rate that City of Elgin may adopt without holding an election to seek voter approval of the rate, unless the de minimis rate for City of Elgin exceeds the voter-approval tax rate for City of Elgin

The de minimis rate is the rate equal to the sum of the no-new-revenue maintenance and operations rate for City of Elgin, the rate that will raise \$500,000, and the current debt rate for City of Elgin

The proposed tax rate is greater than the no-new-revenue tax rate. This means that City of Elgin is proposing to increase property taxes for the 2020 tax year.

A public hearing on the proposed tax rate will be held on September 01, 2020 at 7:00pm at Civic Center 404 N. Main St. Elgin TX 78621.

The proposed tax rate is not greater than the voter-approval tax rate. As a result, City of Elgin is not required to hold an election at which voters may accept or reject the proposed tax rate. However, you may express your support for or opposition to the proposed tax rate by contacting the members of the of City of Elgin at their offices or by attending the public meeting mentioned above.

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

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

The members of the governing body voted on the proposed tax increase as follows:

FOR: Mayor Cannon, Council Members Bega, Penson, Arreaga, Jones, Dennis, and Brashar

AGAINST: 0

PRESENT and not voting: 0

ABSENT: Council Members Lopez and Gonzalez

The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state.

The following table compares the taxes imposed on the average residence homestead by City of Elgin last year to the taxes proposed to be imposed on the average residence homestead by City of Elgin this year:

	<u>2019</u>	<u>2020</u>	. Change
Total Tax Rate {per\$100 of value}	\$0.656920	\$0.635663	<i>decrease of</i> -\$0.021257 OR -3.24o/c
: Average homestead taxable value	\$154,424	\$163,492	<i>increase of</i> 5.87%
. Tax on average ho111stead	\$1,014	\$1,039	<i>increase C?f</i> \$25 OR 2.44%
Total tax levy on all properties	\$4,043,423	\$4,000,821	<i>. increase of</i> -\$42,602 OR -1.05%

For assistance with tax calculations, please contact the tax assessor for City of Elgin at (512) 229-3214 or ccunningham@ci.elgin.tx.us, or visit elgintx.com for more information.