

**August 31, 2010**

**City Council Special Workshop  
Meeting**

**7:00 p.m.**



Julie Masters, Mayor  
Charles Suderman  
Mary Dunbaugh  
Walter Wilson, Mayor Pro Tem

**AGENDA**  
City of Dickinson  
**CITY COUNCIL**  
**SPECIAL MEETING**

Kerry Neves  
Louis Decker  
William H. King III  
Julie M. Johnston, City  
Administrator

**AUGUST 31, 2010**

**NOTICE** is hereby given of a **SPECIAL MEETING** of the City Council for the City of Dickinson, County of Galveston, State of Texas, to be held on **TUESDAY, AUGUST 31, 2010, at 7:00 p.m.** at: 4403 Highway 3, Dickinson, Texas 77539 for the purpose of considering the following numbered items. The City Council of the City of Dickinson, Texas, reserves the right to meet in a closed session on any of the below items should the need arise and if applicable pursuant to authorization by Title 5, Chapter 551, of the Texas Government Code.

**ITEM 1.) CALL TO ORDER AND CERTIFICATION OF A QUORUM:**

**ITEM 2.) PUBLIC HEARING:** Second Public Hearing on a Proposed Tax Rate of \$0.4086 per \$100 in Assessed Value for FY 2010-2011.

- A. Those in Favor
- B. Those Opposed
- C. Adjournment of Public Hearing

**ITEM 3. ADJOURN**

**CERTIFICATION**

This is to certify that a copy of the Notice of the Regular City Council meeting for **TUESDAY, AUGUST 31, 2010**, was posted on the bulletin board at City Hall, 4403 Highway 3, Dickinson, Texas, on this 26<sup>th</sup> day of August, 2010, ~~on Monday, August 30, 2010~~ at 7:00 p.m.



Carol L. McLemore, City Secretary



In compliance with the Americans with Disabilities Act, the City of Dickinson will provide reasonable accommodations for disabled persons attending City Council Meetings. Requests should be received at least 24 hours prior to the scheduled meeting, by contacting the City Secretary's office at 281-337-6217, or by FAX at 281-337-6190.

**TAB 1**

**CITY OF DICKINSON, TEXAS  
CITY COUNCIL MEETING  
ATTENDANCE LIST**

**MEETING DATE: August 31, 2010  
Workshop Meeting**

<u>MAYOR/COUNCIL</u>	<u>PRESENT</u>	<u>ABSENT</u>
MAYOR JULIE MASTERS	_____	_____
POS. 1: COUNCILMAN CHARLES SUDERMAN	_____	_____
POS. 2: COUNCILWOMAN MARY DUNBAUGH	_____	_____
POS. 3: COUNCILMAN WALTER WILSON	_____	_____
POS. 4: COUNCILMAN KERRY NEVES	_____	_____
POS. 5: COUNCILMAN LOUIS DECKER	_____	_____
POS. 6: COUNCILMAN WILLIAM KING	_____	_____

**MAKE NOTE ON RECORDING: THE FOLLOWING ALSO ARE IN ATTENDANCE:**

ATTORNEY, Loren B. Smith	_____	_____
CITY ADMINISTRATOR, Julie M. Johnston	_____	_____
CITY SECRETARY, Carol L. McLemore	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

**TAB 2**



**Mary F. Young**  
**Director of Finance**

---

**TO: Honorable Mayor and Council Members**

**FROM: Mary F. Young, Director of Finance**

**CC: Julie Johnston, City Administrator**

**DATE: August 24, 2010**

**SUBJECT: Public hearings to consider a tax rate of \$0.4086 per \$100 assessed valuation**

---

**I. ITEM SUMMARY:**

The proposed tax rate of \$0.4086 per \$100 valuation is greater than the effective tax rate. Therefore, the City is required by the Property Tax Code to hold two public hearings to discuss the proposed tax rate and publish appropriate notices. The City's public hearings on the proposed tax rate have been scheduled for Tuesday, August 24, 2010, and Tuesday, August 31, 2010. The proposed tax rate for Fiscal Year 2010-2011 is the same as the tax rate adopted for the 2009-2010 Fiscal Year, and, during the public hearings, taxpayers will be given the opportunity to express their views about the rate as it is proposed.

**II. FISCAL IMPACT:**

**Revenue Source:** Current Property Taxes

**Proposed Revenues:** \$4,349,131 – Property tax revenue is the largest revenue source of both the General Fund and Debt Service Fund. The proposed tax rate will provide approximately \$3,740,437 in General Fund revenue for Fiscal Year 2010-2011 compared to \$3,177,996 (2010 budget figure) for Fiscal Year 2009-2010. It will also produce approximately \$608,694 in Debt Service Fund revenue for Fiscal Year 2010-2011 compared to \$610,361 (2010 budget figure) in Fiscal Year 2009-2010. Note the above figures do not include delinquent property tax, penalty and interest.

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
FY 2010-2011	\$ 3,740,437	\$ 608,694	\$ 4,349,131
FY 2009-2010	\$ 3,177,996	\$ 610,361	\$ 3,788,357
Increase/(Decrease)	\$ 562,441	\$ ( 1,667)	\$ 560,774

**Purpose/Objective:**

Once the proposed tax rate is applied to the City's 2010 taxable value, it will produce appropriate revenue to fund the majority of the expenditures of the General Fund (e.g., Police, Public Safety, Public Works, Municipal Court, Administrative operations. The I & S portion of the tax rate will produce appropriate revenue to fund all of the current debt for FY 2011, and principal and interest payments on debt obligations, etc.) With regard to the Debt Service Fund, it is important to remember that contributions from the Dickinson Economic Development Corporation and Galveston County Water Control and Improvement District No. 1 as well as some of the existing Debt Service Fund Balance will be utilized in making debt service payments.

**III. BACKGROUND INFORMATION:**

Chapter 26 of the Property Tax Code requires municipalities to comply with truth-in-taxation laws in adopting their tax rates. The laws are designed to make taxpayers aware of tax rate proposals and to allow taxpayers, in certain cases, to roll back or limit a tax increase. There are four principles to truth-in-taxation:

1. Property owners have the right to know of increases in their property's appraised value and to be notified of the taxes that could result from the new value.
2. A municipality must calculate and publish its effective and rollback tax rates before adopting an actual tax rate.
3. A municipality must publish special notices and hold two public hearings before adopting a tax rate that exceeds the lower of the rollback rate or the effective tax rate.
4. If the municipality adopts a rate that exceeds the rollback rate, voters may petition for an election to limit the rate to the rollback rate.

A taxing unit is required to hold two public hearings and publish newspaper ads before adopting a tax rate that exceeds the lower of the rollback rate or the effective tax rate. Since the proposed tax rate of \$0.4086 per \$100 assessed valuation exceeds the effective tax rate (\$0.406098), the City is holding the required two public hearings to allow for discussion of the proposed tax rate and to give taxpayers the opportunity to express their views.

Although the actual calculation can become more complicated, a municipality's effective tax rate is generally equal to the prior year's taxes less taxes on property lost this year divided by the current value of property taxed in the prior year and multiplying by 100 to convert to a rate per \$100 of value. The resulting tax rate, used for comparison purposes only, shows the relationship between the prior year's revenue and the current year's values. The effective tax rate for the City is calculated as follows:

<b>THIS YEAR'S EFFECTIVE TAX RATE:</b>	
Last year's adjusted taxes (after subtracting taxes on lost property)	\$ 2,692,493
÷ This year's adjusted tax base (after subtracting value of new property)	\$663,014,726
= This year's effective tax rate	0.406098/\$100

The effective tax rate enables the public to evaluate the relationship between taxes for the current year and taxes that a proposed tax rate would produce if applied to the same properties taxed in both years.

In an effort to avoid injuring a municipality's ability to pay its debt, the rollback rate calculation is split into two separate components: an operating and maintenance rate and a debt rate. The rollback rate calculation allows municipalities to raise the same amount of operating and maintenance money raised, in the prior year, plus an 8 percent increase. The rollback tax rate for the City is calculated as follows:

<b>THIS YEAR'S ROLLBACK TAX RATE:</b>	
Last year's adjusted operating taxes (after subtracting taxes on lost property and adjusting for transferred function, tax increment financing, and/or enhancing indigent health care expenditures.)	\$2,145,802
÷ This year's adjusted tax base	\$663,014,726
+ This year's effective operating rate	0.323643/\$100
x 1.08 = this year's maximum operating rate	0.349534/\$100
+ This year's debt rate	0.07889/\$100
= This year's rollback rate	0.428423/\$100

**IV. ATTACHMENTS:**

- Notice of Public Hearings on Tax Increase.

**V. RECOMMENDED MOTION AND/OR ACTION:**

The City Council does not have to take action on this item.

Note: At each of the public hearings, the Mayor must make the following announcement:

**"The City of Dickinson's tax rate is scheduled for adoption on Tuesday, September 14, 2010, at 7:00 p.m., at a Regular City Council Meeting, to be held in the City of Dickinson Council Chambers, located at 4403 Highway 3, Dickinson, Texas 77539."**

# Notice of Public Hearing on Tax Increase

The City of Dickinson will hold two public hearings on a proposal to increase total tax revenues from properties on the tax roll in the preceding tax year by 0.62 percent (percentage by which proposed tax rate exceeds lower of rollback tax rate or effective tax rate calculated under Chapter 26, Tax Code). Your individual taxes may increase at a greater or lesser rate, or even decrease, depending on the change in the taxable value of your property in relation to the change in taxable value of all other property and the tax rate that is adopted.

The first public hearing will be held on August 24, 2010 at 7:00 PM at Dickinson City Hall, 4403 State Highway 3, Dickinson, Texas.

The second public hearing will be held on August 31, 2010 at 7:00 PM at Dickinson City Hall, 4403 State Highway 3, Dickinson, Texas.

The members of the governing body voted on the proposal to consider the tax increase as follows:

<b>FOR:</b>	Charles Suderman	Mary Dunbaugh
	Walter Wilson	Kerry Neves
	William H. King, III	
<b>AGAINST:</b>	Louis Decker	
<b>PRESENT and not voting:</b>	Mayor Julie Masters	
<b>ABSENT:</b>	None	

The average taxable value of a residence homestead in City of Dickinson last year was \$112,520. Based on last year's tax rate of \$0.408600 per \$100 of taxable value, the amount of taxes imposed last year on the average home was \$459.76.

The average taxable value of a residence homestead in City of Dickinson this year is \$114,309. If the governing body adopts the effective tax rate for this year of \$0.406098 per \$100 of taxable value, the amount of taxes imposed this year on the average home would be \$464.21.

If the governing body adopts the proposed tax rate of \$0.408600 per \$100 of taxable value, the amount of taxes imposed this year on the average home would be \$467.07.

Members of the public are encouraged to attend the hearings and express their views.

**TAB 3**

# ADJOURN

TIME: \_\_\_\_\_

MOTION: \_\_\_\_\_

SECOND: \_\_\_\_\_

VOTE \_\_\_\_\_