



MEMORANDUM

TO: Mayor and City Council

FROM: Ed Van Eenoo, Deputy Chief Financial Officer

DATE: September 27, 2019

SUBJECT: Recommended FY 2020-21 Budget Calendar

The purpose of this memo is to present staff's recommended schedule for the FY 2020-21 budget year. The most significant difference from prior years is that the entire process has been moved up by approximately one month. With the State legislature mandating a tax rate election for property tax revenue growth above 3.5% and the legal requirement that an election be ordered not later than 78 days before election day, staff is recommending that approval of the budget and tax rate occur on August 12, 2020. While Council can adopt the FY 2020-21 budget at or below the state-imposed 3.5% property tax cap, this adjusted schedule affords Council the ability to consider a tax rate beyond the state cap while meeting state Election Code legal requirements.

Another result of the legislative change is that the budget hearings and the tax hearing will be held separately. While municipalities are now required to have only one tax hearing, that hearing may not occur earlier than five days after tax database notification which has a mandated deadline of August 7th. Therefore, the tax hearing will be held August 12, the same day as budget adoption.

Because Local Government Code requires that the proposed budget be filed with the municipal clerk 30 days before Council makes its tax levy for the fiscal year, the latest the presentation of the proposed budget can occur is July 13, 2020. To accommodate this change, staff is recommending that Council's regularly scheduled summer break be pushed back two weeks to June 15 through July 10, 2020.

The following table highlights the budget adoption timeline being recommended by staff. It is in alignment with the Council meeting schedule for calendar year 2020 that you will be considering for approval on October 17, 2019.

Recommended Budget and Tax Rate Adoption Schedule for FY 2020-21

| Event | Dates |
|---|-----------------------------|
| Council Break | June 15-July 10, 2020 |
| FY21 Proposed Budget Presentation | Monday, July 13 |
| Conduct Proposed Budget Hearing #1 | Thursday, July 23 |
| Budget Work Session #1 | Tuesday, July 28 |
| Conduct Proposed Budget Hearing #2 | Thursday, July 30 |
| Budget Work Session #2 | Tuesday, August 4 |
| Set Maximum Tax Rate | Tuesday, August 4 |
| Tax Rate Public Hearing | Wednesday, August 12 |
| Budget Adoption | Wednesday, August 12 |
| Call an Election to Exceed the Rollback Rate <i>(if applicable)</i> | Wednesday, August 12 |
| <u>Deadline</u> to Call an Election to Exceed the Rollback Rate | Monday, August 17 |
| Tax Rate Election Held <i>(if applicable)</i> | Tuesday, November 3 |

If you have any questions on the new budget timeline, please contact me at extension 4-2638 or Diane Siler at extension 4-2704.

xc: Spencer Cronk, City Manager
Deputy City Manager
Assistant City Managers
Department Directors