

**STATE OF TEXAS
COUNTY OF DENTON
CITY OF CORINTH**

On this the 2nd day of July 2020 the City Council of the City of Corinth, Texas met in Workshop Session at the Corinth City Hall at 5:45 P.M., located at 3300 Corinth Parkway, Corinth, Texas. The meeting date, time, place and purpose as required by Title 5, Subtitle A, Chapter 551, Subchapter C, Section 551.041, Government Code, with the following members to wit:

Members Present:

Mayor Heidemann
Sam Burke, Mayor Pro Tem
Scott Garber, Council Member
Tina Henderson, Council Member
Lowell Johnson, Council Member
Kelly Pickens, Council Member

Staff Members Present:

Bob Hart, City Manager
Patricia Adams, Messer, Fort & McDonald
Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director
Cody Collier, Public Works Director
Jerry Garner, Police Chief
Michael Ross, Fire Chief
Brenton Copeland, Technology Services Assistant Manager
Lana Wylie, Interim City Secretary

Others Present:

CALL TO ORDER:

Mayor Heidemann called the meeting to order at 5:45 p.m.

WORKSHOP BUSINESS AGENDA:

1. Receive a report, hold a discussion, and give staff direction on the Water and Wastewater Rates.

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director, shared the Utility Cost of Service and Rate Design Presentation with the Council. Council recommended the three-tiered structure for water and the split rate tier for wastewater.

Public Works Director responded to a question regarding the use of pond water to irrigate. He stated that it is an option; however, there cannot be a connection to a potable water system and would require disconnection from the city system. Also, to reconnect to city water, lines would require disinfection and no contamination that could be harmful.



UTILITY COST OF SERVICE AND RATE DESIGN

JULY 2, 2020

AGENDA

Water

- Review Water Original Rate Study
- One tier for all customers

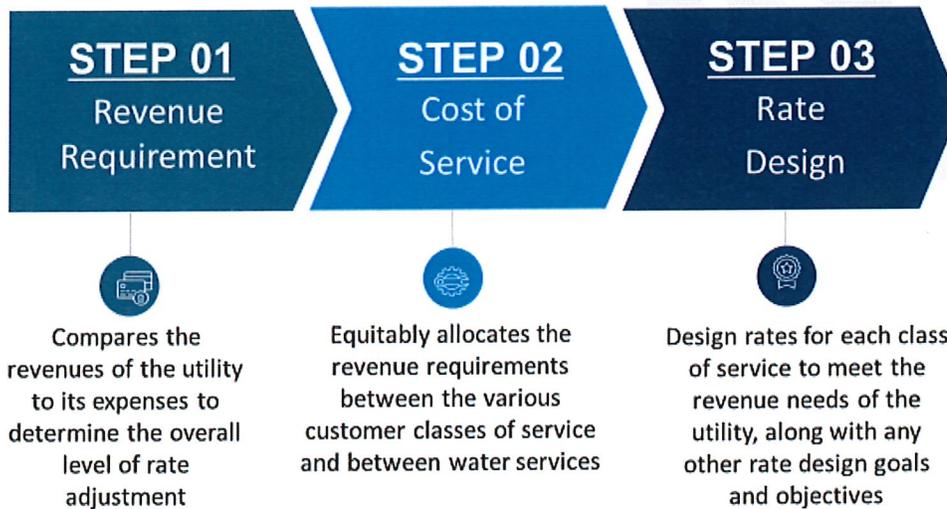
Wastewater

- Review Wastewater Original Rate Study
- Bill on Actual consumption vs Sewer Averaging. Cap sewer rate at 25,000 gallons

Other

- Budget Billing
- 

OVERVIEW OF RATE SETTING PROCESS



REVENUE REQUIREMENTS



	Water	Wastewater	Combined	
O&M	1,732,607	1,288,247	3,020,854	23.8%
Water/Wastewater Purchase Cost	4,579,247	2,628,441	7,207,688	56.8%
Debt Service	773,905	492,284	1,266,189	10.0%
Transfers	657,028	241,999	899,027	7.1%
Asset Management Fund Transfer	250,000	50,000	300,000	2.4%
Rate Stabilization Fund Transfer	-	-	-	0.0%
Total	\$7,992,786	\$4,700,971	\$12,693,758	100.0%
Less Other Revenues	(403,456)	(175,100)	(578,556)	
Revenues Needed From Rates	\$7,589,331	\$4,525,871	\$12,115,202	

Transfers included funds for administrative costs to General Fund, Tap & Meter Replacement Fund, Vehicle Replacement Fund, and the Technology Replacement Fund

FUTURE UTILITY CAPITAL IMPROVEMENT PROJECTS

PROJECTS	WATER	WASTEWATER	TOTAL PROJECTS
N. Corinth Street (NCTC to Corinth Parkway)	275,000	275,000	550,000
NCTC Way (Frontage I35E to N. Corinth St)	137,500	137,500	275,000
Total FY2020/2021	412,500	412,500	825,000
Main St (Corinth Pkwy to NCTC)	182,500	182,500	365,000
Total FY2021/2022	182,500	182,500	365,000
Lion Blvd (N. Corinth St to Main)	116,875	116,875	233,750
Total FY2022/2023	116,875	116,875	233,750
Hospital Drive (Frontage I35E to Cliff Oak)	213,125	213,125	426,250
Total FY2023/2024	213,125	213,125	426,250
TOTAL PROJECTS ALL YEARS	\$935,000	\$935,000	\$1,870,000

Intent is to use Fund Balance instead of issuing debt for future projects through 2024.

FUNDING ASSET MANAGEMENT PROGRAM

- 2019 Asset Management Program developed plan to achieve full funding within five to twenty years
 - FY2019-2020 budget included combined total of \$250k for water & wastewater
- American Water Works Association Best Practice
 - At a minimum an amount at least equal to annual depreciation expense

	Water	Wastewater
Annual Depreciation	\$858,585	\$1,091,813
Asset Management Plan Average Annual Investment Required	3,588,000	1,177,000
Amount Included in Rate Study	\$250,000	\$50,000

WATER/WASTEWATER RATE STABILIZATION FUND

- In 2019, a Rate Stabilization Fund was established to assist in offsetting temporary increases to the budget and increases from the Upper Trinity Regional Water District (UTRWD) and City of Denton. Use of the funds will require authorization from the City Council.
- Savings each year from the utility fund expenditure budget and revenue collections that exceed the budgeted amount for water and wastewater charges will be utilized as a means of funding the reserve.
- The fund shall strive to maintain a balance not to exceed **15%** of the Utilities expenditure budget.



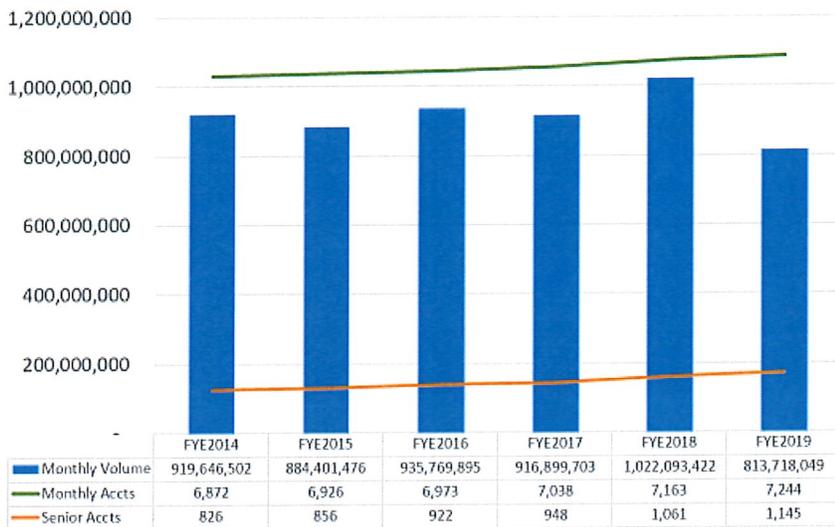
Fund Balance of \$250,000



WATER RATE STUDY



WATER HISTORICAL ANALYSIS



- Residential accounts **increased** by 372 or 5.4%
- Senior accounts **increased** by 319 or 38.6%
- The FYE2019 usage was 101.7 million gallons **below** the annual average of 915 million or 12.5%

UTRWD charges have increased by \$975,169 or 27.9% since FYE2014

CAPACITY DISTRIBUTION FACTOR



Class	Total Accounts	Total Annual Consumption	Avg Monthly Consumption	Avg Monthly			Peak Month Use	Peak Day Use (MGD)	Avg Monthly Customer Usage	Peaking Factor
				Customer Usage	Average Day Use	% Avg Use				
Residential	5,639	601,022,796	50,085,233	8,882	1,646,638	65.04%	94,427,453	3,147,582	16,745	1.91
Senior	1,160	124,080,896	10,340,075	8,914	339,948	13.43%	21,964,370	732,146	18,935	2.15
Builder	46	4,500,806	375,067	8,154	12,331	0.49%	756,526	25,218	16,446	2.05
Commercial	144	48,075,641	4,006,303	27,822	131,714	5.20%	6,128,094	204,270	42,556	1.55
Wholesale	27	16,575,347	1,381,279	51,158	45,412	1.79%	3,141,096	104,703	116,337	2.31
Fire Hydrant	11	9,652,250	804,354	73,123	26,445	1.04%	2,498,300	83,277	227,118	3.15
Irrigation	187	88,046,669	7,337,222	39,236	241,224	9.53%	17,495,784	583,193	93,560	2.42
Multi Family	34	32,084,692	2,673,724	78,639	87,903	3.47%	3,117,573	103,919	91,693	1.18
Total	7,248	924,039,097	77,003,258	295,928	2,531,614	100%	149,529,196	4,984,307	623,391	1.97

WATER SENIOR DISCOUNTS

Entity	Senior Customer Class
Corinth	5,000 gallons in base rate = \$10.75
LCMUA	Discount of \$10/month
The Colony *	None
Little Elm	None
Flower Mound	None
Highland Village	None
Lewisville *	None
Denton *	None

* Cities are not a member of Upper Trinity Regional Water District.

The total cost of the senior discount = \$180,223

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WATER RATE BASE RATE STRUCTURE

Base Rates	City	UTRWD	Total
5/8 x 3/4	13.35	31.27	44.62
full 3/4	14.68	34.40	49.08
1 inch	18.69	43.78	62.47
1 1/2 inch	24.02	56.29	80.31
2 inch	38.70	90.69	129.39
3 inch	146.80	344.01	490.81
4 inch	186.83	437.83	624.66
6 inch	280.25	656.74	936.99
10 inch	603.72	906.93	1,510.65

- Base Rates recovers 54.6% of total expenditures
- Base Rate Revenue = \$4,165,150
- Base Rates based on Meter Size
- Seniors citizen includes 5,000 gallons of water in base rate.

Recommendation
No changes to Base Rate

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VOLUMETRIC WATER RATE STRUCTURES

Volume is charged per 1,000 gallons, using a tiered structure

CURRENT			
Residential	City	UTRWD	Total
0-3,000	-	2.15	2.15
3,001-5,000	-	2.65	2.65
5,001-10,000	-	3.15	3.15
10,001-25,000	2.97	3.27	6.24
25,001-50,000	5.94	3.27	9.21
50,001 +	8.91	3.27	12.18

PROPOSED			
Residential	City	UTRWD	Total
0-5,000	1.00	1.15	2.15
5,001-10,000	1.00	2.15	3.15
10,001-25,000	3.00	3.15	6.15
25,001-50,000	6.00	3.15	9.15
50,001 +	9.00	3.15	12.15

Commercial	City	UTRWD	Total
0-10,000	0.84	3.27	4.11
10,001-25,000	0.84	3.27	5.11
25,001-50,000	2.84	3.27	6.11
50,001 +	3.84	3.27	7.11

Commercial	City	UTRWD	Total
0-50,000	3.00	2.15	5.15
50,001-200,000	5.00	2.15	7.15
200,001-500,000	7.00	2.15	9.15
500,001 +	10.00	2.15	12.15

Irrigation	City	UTRWD	Total
0-50,000	3.00	2.15	5.15
50,001-100,000	5.00	2.15	7.15
100,001-500,000	7.00	2.15	9.15
500,001 +	10.00	2.15	12.15

- Equalize the water rates between Residential and Commercial Rates
- Adjust water costs between City and UTRWD rates
- Create an Irrigation Rate Class

WATER REVENUE REQUIREMENT



	Current FYE 2020	Proposed FYE 2021			FYE 2022	FYE 2023
		City	UTRWD	Total		
Revenue Requirement	\$7,631,895	\$3,010,084	\$4,579,247	\$7,589,331	\$8,089,078	\$8,226,057
Projected Revenues	8,064,304	3,537,617	4,708,104	8,245,720	8,245,720	8,245,720
Revenue Gain/(Shortfall)	\$432,409	\$527,533	\$128,857	\$656,390	\$156,643	\$19,663

CUSTOMER RATE IMPACT

Gallons	RESIDENTIAL			SENIOR		
	Current	Proposed	Difference	Current	Proposed	Difference
1,000	46.77	46.77	-	44.62	44.62	-
5,000	56.37	55.37	(1.00)	44.62	44.62	-
10,000	72.12	71.12	(1.00)	60.37	60.37	-
25,000	165.72	163.37	(2.35)	153.97	152.62	(1.35)
50,000	395.97	392.12	(3.85)	384.22	381.37	(2.85)
75,000	700.47	695.87	(4.60)	688.72	685.12	(3.60)

Gallons	COMMERCIAL			IRRIGATION		
	Current	Proposed	Difference	Current	Proposed	Difference
5,000	83.02	88.22	5.20	83.02	88.22	5.20
10,000	103.57	113.97	10.40	103.57	113.97	10.40
25,000	180.22	191.22	11.00	180.22	191.22	11.00
50,000	332.97	319.97	(13.00)	332.97	319.97	(13.00)
75,000	510.72	498.72	(12.00)	510.72	498.72	(12.00)
150,000	1,043.97	1,034.97	(9.00)	1,043.97	1,134.97	91.00
250,000	1,754.97	1,849.97	95.00	1,754.97	2,049.97	295.00
500,000	3,532.47	4,137.47	605.00	3,532.47	4,337.47	805.00

OPTION 1:

**ONE TIER FOR ALL
CUSTOMER CLASSES**



VOLUMETRIC WATER RATE STRUCTURES

Volume is charged per 1,000 gallons, using a tiered structure

CURRENT			
Residential	City	UTRWD	Total
0-3,000	-	2.15	2.15
3,001-5,000	-	2.65	2.65
5,001-10,000	-	3.15	3.15
10,001-25,000	2.97	3.27	6.24
25,001-50,000	5.94	3.27	9.21
50,001 +	8.91	3.27	12.18

PROPOSED			
Residential	City	UTRWD	Total
0-5,000	1.00	1.15	2.15
5,001-10,000	1.00	2.15	3.15
10,001-25,000	3.00	3.15	6.15
25,001-50,000	6.00	3.15	9.15
50,001 +	9.00	3.15	12.15

Commercial	City	UTRWD	Total
0-10,000	0.84	3.27	4.11
10,001-25,000	0.84	3.27	5.11
25,001-50,000	2.84	3.27	6.11
50,001 +	3.84	3.27	7.11

- Create one Rate Table for all Customer Classes: Residential, Commercial, and Irrigation.
- Adjust Commercial Customers to the Residential Rate Tier.
- Seniors citizen includes 5,000 gallons of water in base rate.

WATER REVENUE REQUIREMENT



	Current FYE 2020	Proposed FYE 2021			FYE 2022	FYE 2023
		City	UTRWD	Total		
Revenue Requirement	\$7,631,895	\$3,010,084	\$4,579,247	\$7,589,331	\$8,089,078	\$8,226,057
Projected Revenues	8,064,304	3,765,496	4,861,231	8,626,728	8,626,728	8,626,728
Revenue Gain/(Shortfall)	\$432,409	\$755,412	\$281,984	\$1,037,397	\$537,650	\$400,671

CUSTOMER RATE IMPACT

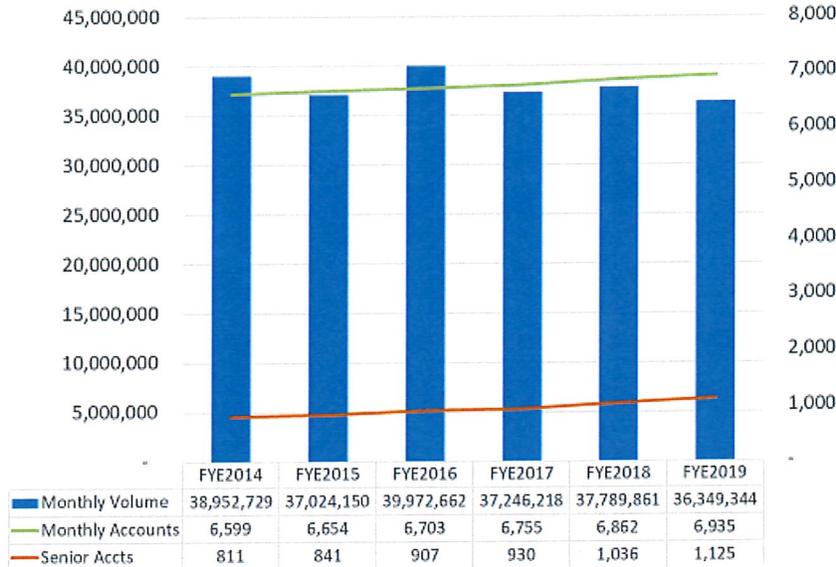


Gallons	RESIDENTIAL			SENIOR			COMMERCIAL		
	Current	Proposed	Difference	Current	Proposed	Difference	Current	Proposed	Difference
1,000	46.77	46.77	-	44.62	44.62	-	66.58	64.62	(1.96)
5,000	56.37	55.37	(1.00)	44.62	44.62	-	83.02	73.22	(9.80)
10,000	72.12	71.12	(1.00)	60.37	60.37	-	103.57	88.97	(14.60)
25,000	165.72	163.37	(2.35)	153.97	152.62	(1.35)	180.22	181.22	1.00
50,000	395.97	392.12	(3.85)	384.22	381.37	(2.85)	332.97	409.97	77.00
75,000	700.47	695.87	(4.60)	688.72	685.12	(3.60)	510.72	713.72	203.00
250,000	-	-	-	-	-	-	1,754.97	2,839.97	1,085.00
500,000	-	-	-	-	-	-	3,532.47	5,877.47	2,345.00

WASTEWATER



WASTEWATER HISTORICAL ANALYSIS



UTRWD and City of Denton Disposal and Facility charges have increased by \$300,251 or 13.2% since FYE2014

- Residential accounts **increased** by 336 or 5.1%
- Senior accounts has **increased** by 314 or 38.7%
- The average monthly volume **decreased** by 2.6 million gallons or 6.7%
- Under current rate structure - equal to an annual loss of revenue of \$114,653

WASTEWATER DISCOUNTS



Entity	Senior Customer Class	Residential Customer Class
Corinth	1,000 gallons in base rate = \$4.00	None
LCMUA	Discount of \$10/month	None
The Colony *	None	2,000 gallons in base rate
Little Elm	None	2,000 gallons in base rate
Flower Mound	None	2,000 gallons in base rate
Highland Village	None	2,000 gallons in base rate
Lewisville *	None	2,000 gallons in base rate
Denton *	None	18,000 gallons volume cap

* Cities are not a member of Upper Trinity Regional Water District.

The total cost of the senior discount = \$43,645

WHAT IS SEWER AVERAGING?

Each year, residential monthly water consumption is measured and averaged to establish the monthly sewer charge for each customer for the upcoming year.

The sewer averaging process consists of usage during the months of November, December, January, and February.

By conserving water during this period residents can control their monthly sewer charge.

The winter month with the highest consumption is discarded and the remaining three months' consumption are averaged together to reflect the resident's average consumption.

Each resident's sewer charge is based on their own average consumption that is determined during Sewer Averaging. The bills that are due in April will reflect the new sewer charge which will be in effect for the next twelve months.

Benefits of Sewer Averaging

Sewer Charges Remain Consistent each month

Allows customers opportunity to lower their sewer bill by reducing water use during winter months.

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Wastewater Base Rate structures

Current	City	UTRWD	Total
RESIDENTIAL			
Base	\$21.39	-	\$21.39
Volumetric	0.96	2.71	3.67

Sewer volume is based on Winter Quarter Average for residential customers and actual water volumes for commercial customers using a 1 tier structure

Senior citizens 1,000 gallons of wastewater included in the base rate.

Proposed	City	UTRWD	Total
RESIDENTIAL			
Base	\$16.00	\$19.00	\$35.00
Volumetric	1.40	2.60	4.00
COMMERCIAL			
Base	\$19.00	\$26.00	\$45.00
Volumetric	1.40	2.60	4.00

Current Rate Structure

- One rate tier for all customer classes
- Base Rates recovers 38% of total expenditures

Proposed Rate Structure

- Separate rate tiers for residential and commercial customer classes
- Base Rates recovers 64.9% of total expenditures
- Volumetric cap of 25,000 gallons for residential customer class.

WASTEWATER REVENUE REQUIREMENT

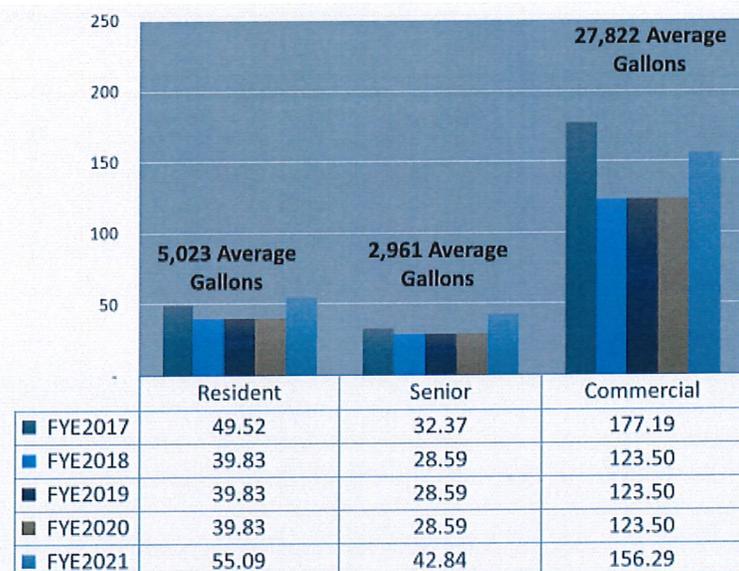


	Current FYE 2020	Proposed FYE 2021			FYE 2022	FYE 2023
		City	UTRWD	Total		
Revenue Requirement	\$4,689,254	\$1,897,430	\$2,628,441	\$4,525,871	\$4,599,684	\$4,670,230
Projected Revenues	3,374,995	1,946,473	2,726,706	4,673,179	4,673,179	4,673,179
Revenue Gain/(Shortfall)	(\$1,314,259)	\$49,043	\$98,265	\$147,308	\$73,495	\$2,949

WASTEWATER RATE PLAN

Year	Base Rate	Volumetric Rate
HISTORICAL FYE		
2015	\$21.39	\$5.60
2016	21.39	5.60
2017	21.39	5.60
2018	21.39	3.67
2019	21.39	3.67
2020	21.39	3.67
PROJECTED FYE		
Residential	\$35.00	\$4.00
Commercial	\$45.00	\$4.00

PROPOSED INCREASE
 Residential = \$15.27 or 38%
 Senior = \$14.26 or 50%
 Commercial=\$32.79 or 27%



OPTION 2:

BILL ON ACTUAL CONSUMPTION VS SEWER AVERAGING



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Wastewater Base Rate structures

Current	City	UTRWD	Total
RESIDENTIAL			
Base	\$21.39	-	\$21.39
Volumetric	0.96	2.71	3.67

Proposed	City	UTRWD	Total
RESIDENTIAL			
Base	\$15.00	\$10.00	\$25.00
Volumetric	0.96	2.71	3.67

Senior citizens 1,000 gallons of wastewater included in the base rate.

Current Rate Structure

- Sewer volume is based on sewer averaging for residential customers
- One rate tier for all customer classes
- Base Rates recovers 38% of total expenditures

Proposed Rate Structure

- Sewer volume is based on Actual Consumption for residential customers
- One rate tier for all customer classes.
- Base Rates recovers 47.3% of total expenditures
- Volumetric cap of 25,000 gallons for residential customer class.

WASTEWATER REVENUE REQUIREMENT



	Current FYE 2020	Proposed FYE 2021			FYE 2022	FYE 2023
		City	UTRWD	Total		
Revenue Requirement	\$4,689,254	\$1,897,430	\$2,628,441	\$4,525,871	\$4,599,684	\$4,670,230
Projected Revenues	3,374,995	1,942,969	2,803,103	4,746,072	4,746,072	4,746,072
Revenue Gain/(Shortfall)	(\$1,314,259)	\$45,539	\$174,662	\$220,201	\$146,388	\$75,842

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CUSTOMER RATE IMPACT



Year : 2019					
	Sewer Average	Total Consumption	Current Sewer	Fluctuating Sewer	Difference
Dec	3,099	3,888	\$ 32.97	\$ 39.27	\$ 6.30
Nov	3,099	3,385	\$ 32.97	\$ 37.42	\$ 4.45
Oct	3,099	3,397	\$ 32.97	\$ 37.47	\$ 4.50
Sep	3,099	17,946	\$ 32.97	\$ 90.86	\$ 57.89
Aug	3,099	25,000	\$ 32.97	\$ 116.75	\$ 83.78
Jul	3,099	25,000	\$ 32.97	\$ 116.75	\$ 83.78
Jun	3,099	25,000	\$ 32.97	\$ 116.75	\$ 83.78
May	3,099	25,000	\$ 32.97	\$ 116.75	\$ 83.78
Apr	3,099	3,645	\$ 32.97	\$ 38.38	\$ 5.41
Mar	3,099	8,536	\$ 32.97	\$ 56.33	\$ 23.36
Feb	3,953	2,626	\$ 35.89	\$ 34.64	\$ (1.25)
Jan	3,953	4,569	\$ 35.89	\$ 41.77	\$ 5.88
			\$ 401.48	\$ 843.13	\$ 441.65

Year : 2019					
	Sewer Average	Total Consumption	Current Averaging	Proposed Actual	Difference
Dec	3,622	3,527	\$ 34.69	\$ 37.94	\$ 3.25
Nov	3,622	3,614	\$ 34.69	\$ 38.26	\$ 3.57
Oct	3,622	15,137	\$ 34.69	\$ 80.55	\$ 45.86
Sep	3,622	20,946	\$ 34.69	\$ 101.87	\$ 67.18
Aug	3,622	25,000	\$ 34.69	\$ 116.75	\$ 82.06
Jul	3,622	21,111	\$ 34.69	\$ 102.48	\$ 67.79
Jun	3,622	15,044	\$ 34.69	\$ 80.21	\$ 45.52
May	3,622	6,403	\$ 34.69	\$ 48.50	\$ 13.81
Apr	3,622	3,434	\$ 34.69	\$ 37.60	\$ 2.91
Mar	3,622	4,209	\$ 34.69	\$ 40.45	\$ 5.76
Feb	3,863	3,507	\$ 35.57	\$ 37.87	\$ 2.30
Jan	3,863	3,578	\$ 35.57	\$ 38.13	\$ 2.56
			\$ 418.04	\$ 760.62	\$ 342.58

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OTHER ITEMS



Budget Billing

- ✓ Provides a more level monthly bill amount that would occur with normal seasonal variations in services.
- ✓ Each month the system adjusts the actual bill to equal the average bill amount.
- ✓ Two Options
 - Fixed Average – System sets a fixed amount.
 - ✓ There is a settle-up month every six months to a year and the average bill is recalculated for the next term.
 - ✓ There can be a disparity between the actual usage in a period and how much is billed.
 - Running Average – Charges a bill based on running 12-month average.
 - ✓ Designed to be self-adjusting as seasons, usage and rates change.
 - ✓ Reduces the amount owed or due at the time of Settlement. Can set the settlement at six months to a year.

Implement a
Running Average
Budget Billing
System

Implementation of
January 2021

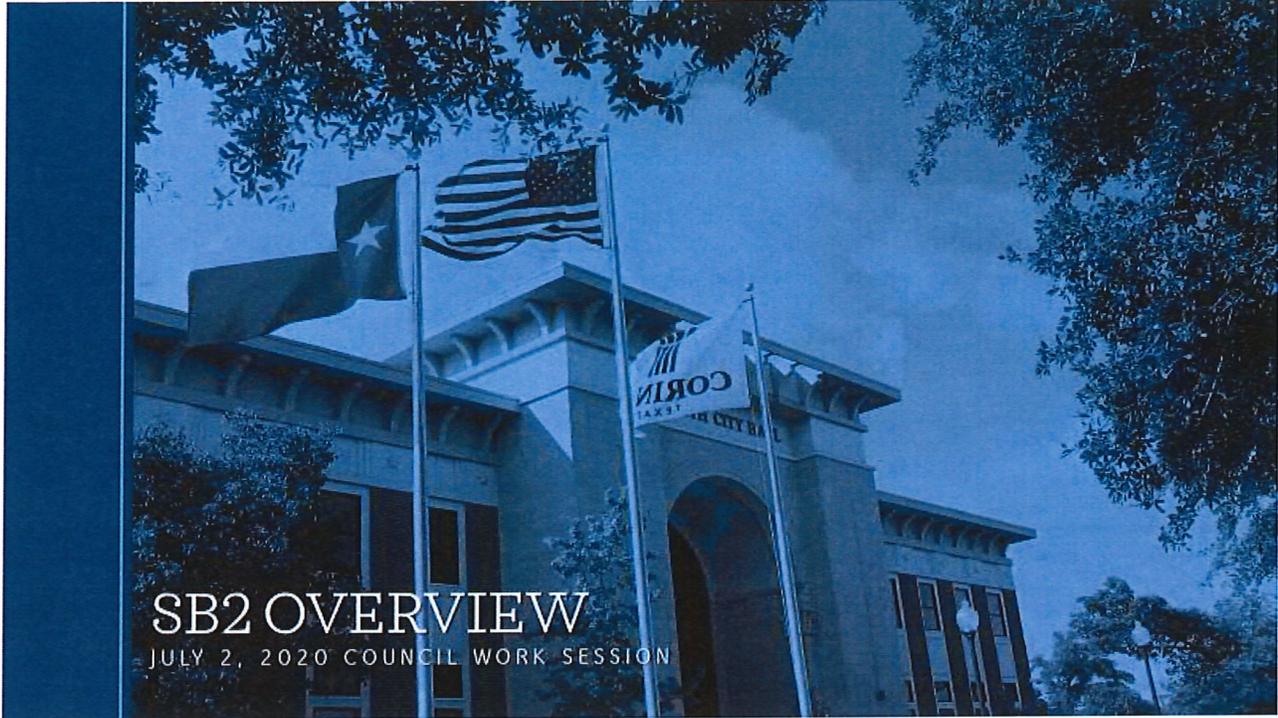
QUESTIONS?

- Conservation
 - Separate Irrigation Rate Tier
- Senior Discount
 - Water – 5,000 gallons in base rate
 - Wastewater – 1,000 gallons in base
- Asset Management Contribution Levels
 - Water - \$250,000
 - Wastewater - \$50,000
- Rate Stabilization Contribution Level
 - No Projected Contributions
- Rate Approval Ordinance
 - Effective October 1, 2020

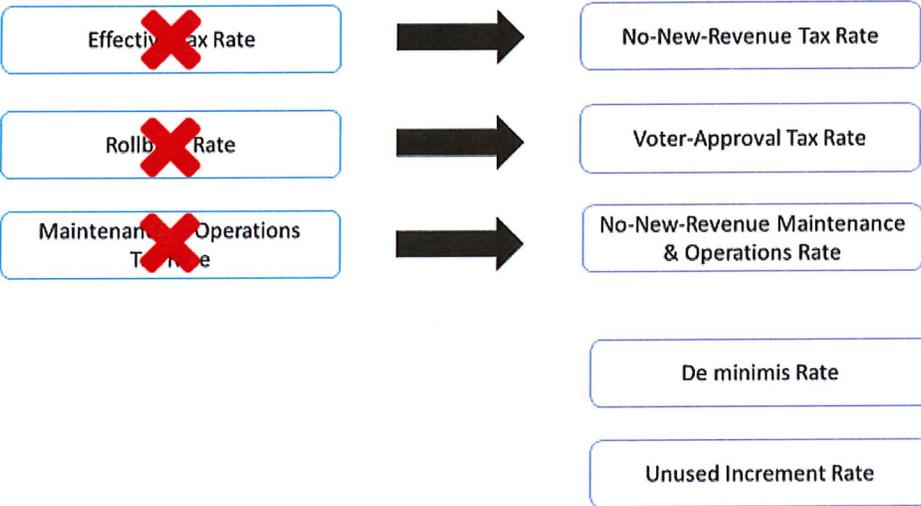


2. Receive a presentation and hold a discussion on the changes to the Truth-in-Taxation, Tax Rate Adoption process due to S.B.2.

Lee Ann Bunselmeyer, Finance, Administration, Communications & Marketing Director discussed the presentation, S.B.2 Overview to explain the changes to the Truth-in-Taxation, Tax Rate Adoption process.



New Terminology

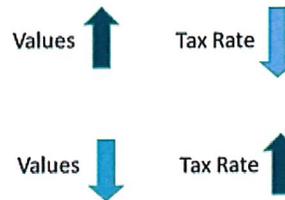


No-New-Revenue Tax Rate

Previously the Effective Tax Rate

Enables the public to evaluate the relationship between taxes for the prior year and for the current year, based on a tax rate that would produce the same amount of taxes if applied to the same properties taxed in both Years.

The formula assumes:



Calculating the No-New-Revenue Tax Rate

$$\frac{\text{Prior Year's Taxes} - \text{Taxes on Property Lost this Year}}{\text{Current Value of Property Taxed in the Prior Year}} \times \$100 = \text{No-New-Revenue Tax Rate}$$

No-New-Revenue Tax Rate

Previously the Effective Tax Rate

Detailed Steps in Calculating the No-New-Revenue Tax Rate

<p>2019 Taxes (on date of calculation)*</p> <p>+ Taxes on 2019 values lowered in court decisions or subject to an appeal under Chapter 42</p> <p>+ Taxes refunded for tax years preceding tax year 2019</p> <p>- Taxes on deannexed territory</p> <p>- Taxes on property value not taxable in 2020 because it received an exemption or special appraisal for the first time</p> <p>- Taxes paid to a TIF Fund**</p> <p>= Adjusted 2019 Taxes</p>	<p>Total value on the 2020 certified appraisal roll</p> <p>+ Estimated value that will be placed on property under protest or not included in certification</p> <p>- Value of property annexed after Jan. 1, 2019</p> <p>- Value of new improvements built after Jan. 1, 2019</p> <p>- Value of pollution control property exempted from the first time</p> <p>- Captured appraised value in a TIF Fund</p> <p>= Adjusted 2020 Taxable Values</p>
<hr/>	
<p>Adjusted 2019 Taxes</p>	<p>Adjusted 2020 Taxable Value</p>
$\frac{\text{Adjusted 2019 Taxes}}{\text{Adjusted 2020 Taxable Value}} \times \$100 = \text{No-New-Revenue Tax Rate}$	

* Do not include Tax Code § 25.25(d) corrections for one-fourth or over-appraised errors.
 ** Do not include TIF taxes if there is no TIF captured appraised value.

Voter Approval Tax Rate

Previously Roll Back Rate

The Voter Approval tax rate is a calculated maximum rate allowed by law without voter approval.

The calculation splits the voter approval rate into two separate components

- A No-New-Revenue Maintenance and Operations rate
- A Debt Service Tax Rate

Calculating Voter-Approval Tax Rate

$$\begin{array}{l} \text{No-New-Revenue M\&O Tax Rate} \\ \text{(Based on prior year's M\&O} \\ \text{property taxes spent for M\&O)} \end{array} \times 1.035 + \begin{array}{l} \text{Current Debt} \\ \text{Service Rate} \end{array} + \begin{array}{l} \text{Unused} \\ \text{Increment Rate} \end{array} = \begin{array}{l} \text{Voter-Approval} \\ \text{Tax Rate} \end{array}$$

Revenue Threshold in Voter-approval Tax Rate = 3.5%, effective January 1, 2020

No-New-Revenue Maintenance & Operations (M&O) Rate

Enables the public to evaluate the relationship between the Maintenance & Operations taxes for the prior year and for the current year, based on a tax rate that would produce the same amount of taxes if applied to the same properties taxed in both Years.

Calculating the M&O Portion of the Voter-Approval Tax Rate

$$\text{Last Year's Levy} - \frac{\text{Last Year's Debt}}{\text{Current Total Value}} - \frac{\text{New Property Value}}{\text{Current Total Value}} = \text{Maintenance and Operations Rate}$$

De Minimis Rate

The De Minimis Rate is a new tax rate calculation designed to give smaller taxing unit, cities with a population of less than 30,000, some relief from the 3.5% voter approval rate.

De Minimis Rate is equal to the sum of :

- A taxing units no-new-revenue M&O rate
- The rate that when applied to a taxing current total value, will impose an amount of taxes equal to \$500,000; and
- A taxing unit's current debt rate

What adopted tax rates trigger an election or petition for a taxing unit with a De Minimis Rate?

Adopted Tax Rate is:

BELOW Voter Approval Tax Rate	No Election Required
ABOVE Voter Approval tax rate but BELOW De Minimis Rate	Voters may petition for an Election
ABOVE Voter Approval Tax Rate and ABOVE the De Minimis Rate	Election Required

Calculating the De Minimis Rate

Step 1: Current Year Total Taxable Value + \$500,000 x \$100 = Rate Necessary to Impose \$500,000 in taxes

Step 2: Adjusted Current Year NNR M&O Tax Rate + Rate Necessary to Impose \$500,000 in Taxes + Current Year Debt Rate = De Minimis Rate

Unused Increment Rate

The unused increment rate can be used to increase the voter-approval tax rate.

It is a 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.



The unused increment rate is zero for 2020 and will not be available until 2021.

Debt Rate

A taxing unit that levies a debt service rate must consider anticipated collections in calculating the debt service component of its Voter Approval Tax Rate.

The collector for a Taxing Unit must certify the current year's certified anticipated debt collection rate and last year's excess debt tax collections to the governing body.

Adjustments to the current year's debt service rate include excess collections from the previous year and the anticipated collection rate for the current year.

Calculating the Debt Service Portion of the Voter-Approval Tax Rate

$$\begin{array}{l}
 \frac{(2020 \text{ debt payments} - 2019 \text{ excess debt tax collections})}{2019 \text{ anticipated collection rate}} = \text{Adjusted 2020 debt} \\
 \downarrow \\
 \frac{\text{Adjusted 2020 debt}}{2020 \text{ total taxable values}^* - 2020 \text{ captured appraised value in a TIF fund}} \times \frac{\$100 + 2020 \text{ Jr. College Levy}}{100} = 2020 \text{ debt service rate}
 \end{array}$$

* Counties, cities and junior college districts that adopted the tax ceiling provision exclude the total taxable value of the 2019 homesteads with tax ceilings for homeowners age 65 or older or disabled.

Notice of Public Hearings on Tax Increases

NOTICE IN NEWSPAPER, MAIL & INTERNET



- Notice of public hearing required by Tax Code Section 26.05
- May not be held before the 5th day after the chief appraiser has delivered the notice

PUBLIC HEARING



- Governing body holds public hearing
- Announces the date, time, and place of vote (7th day deadline).

MEETING TO ADOPT TAX RATE



- Governing body holds meeting to adopt tax rate
- Must not be held later than the 7th day after the Public Hearing.

Notice of Public Hearings on Tax Increase

Local Government taxing units must provide notice using language specified in the Property Tax Code, if the taxing unit proposes a tax rate that:

Proposed Tax Rate Requirements	Model Form
Proposed Rate Exceeds the No-New-Revenue tax rate and the Voter-Approval tax rate	Form 50-873
Proposed Rate is greater than the Voter-Approval tax rate and the De Minimis rate	Form 50-874
Proposed tax rate exceeds the No-New-Revenue tax rate and the Voter-Approval tax rate but does not exceed the De Minimis Rate	Form 50-875
Proposed Rate exceeds the No-New-Revenue tax rate but does not exceed the Voter-Approval tax rate	Form 50-876
Proposed tax rate does not exceed the No-New-Revenue tax rate but exceed the Voter-Approval tax rate	Form 50-877
Proposed tax rate exceeds the No-New-Revenue tax rate and the Voter-Approval tax rate and the De Minimis rate exceeds the Voter-Approval tax rate	Form 50-878
Proposed tax rate does not exceed the No-New-Revenue tax rate or the De Minimis rate but exceeds the Voter-Approval tax rate	Form 50-879
Proposed tax rate does not exceed the No-New-Revenue tax rate but exceeds the Voter-Approval tax rate and the De Minimis rate exceeds the Voter-Approval tax rate	Form 50-880
Proposed tax rate does not exceed the lower of the No-New-Revenue tax rate or the Voter-Approval tax rate	Form 50-883

Notice of Public Hearings on Tax Increases

The required notice may be published in a newspaper or by mailing it to each property owner in the city. If published in newspaper, it must also be placed on the homepage of the taxing unit's website.

Newspaper:

- The notice cannot be part of the paper in which the legal notices and classified advertisements appear.
- The notice must be at least a quarter-page in a standard size or tabloid size newspaper with a headline in 24-point type or larger.

Website:

- Notice must be posted on the city website, if notice is published in the newspaper.
- Must be post notice of the public hearing prominently on the homepage continuously at least seven days before the public hearing on the proposed tax rate,
- Must be posted at least seven days immediately before the date of the vote proposing the increase in the tax rate.
- It must remain on the taxing unit's website until the public hearing is concluded.

BUDGET CALENDAR



Meeting Date	Budget Agenda Item
May 28	Council Strategic Planning Session
July 16	Council Workshop-Department Operating Overview
July 31	Publication of the Proposed Annual Program of Services (Budget)
Aug 6	Council Workshop - Budget Overview Council Vote to place tax rate on agenda and set public hearings
Aug 13	Council Workshop- Governmental Funds, Special Revenue & Fleet Replacement Program
Aug 20	Council Workshop on the Budget - Proprietary Funds & Capital Improvement Program Approve Crime Control & Prevention District Budget
Sept 3	Council Workshop on the Budget Public Hearing on the Annual Budget
Sept 10	Public Hearing on Tax Rate
Sept 17	Adoption of the Annual Program of Services (Budget) Adoption of the Tax Rates and Tax Rolls

3. Discuss Regular Meeting Items on Regular Session Agenda, including the consideration of closed session items as set forth in the Closed Session agenda items below.

There was no discussion on regular session agenda items.

CLOSED SESSION

The City Council convened in closed session to consider any matters regarding matters pursuant to Chapter 551 of the Texas Government Code.

Section 551.071. (1) Private consultation with its attorney to seek advice about pending or contemplated litigation; and/or settlement offer; and/or (2) a matter in which the duty of the attorney to the government body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Texas Open Meetings Act.

Section 551.072. To deliberate the purchase, exchange, lease or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person.

Section 551.074. To deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; or to hear a complaint or charge against an officer or employee.

Section 551.087. To deliberate or discuss regarding commercial or financial information that the governmental body has received from a business prospect that the governmental body seeks to have locate, stay, or expand in or near the territory of the governmental body and with which the governmental body is conducting economic development negotiations; or to deliberate the offer of a financial or other incentive to a business prospect.

RECONVENE IN OPEN SESSION TO TAKE ACTION, IF NECESSARY, ON CLOSED SESSION

ITEMS.

ADJOURN:

Mayor Heidemann adjourned the work session at 7:06 p.m.

AYES:

Meeting adjourned.

Approved by Council on the 6th day of August 2020.

Lana Wylie

Lana Wylie, Interim City Secretary
City of Corinth, Texas

