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Frisco leaves tax rate unchanged in proposed budget

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The Frisco City Council doesn't plan to raise the tax rate, but it made sacrifices to balance next year's budget.

Among the cost-cutting measures: no additional employees, fewer new library materials and closure of a city pool. Departments were asked to cut spending by 10 percent over last year.

"While we're not really whole in the end here, we'll be fine," Mayor Maher Maso said.

Fearing that delaying a tax rate increase could force bigger escalations later, a few council members briefly contemplated a 1-cent bump.

"I'd rather do that than in a few years be raising it 3 cents or cutting back on things we need," council member Tony Felker said.

But in the end, the six members at Monday's work session agreed the tax rate should stay at 45 cents per \$100 home valuation, though new council member Scott Johnson said he would prefer heftier cuts and a lowering of the rate.

Frisco has maintained a 45-cent rate since fiscal year 2006-07. When voters approved a \$198 million bond package in 2006, officials predicted the tax rate would rise to 47.6 cents for fiscal year 2008-09.

Growth, favorable market conditions and Frisco's bond rating have kept the tax rate lower than expectations. But a slowdown in sales tax and property tax base growth has the city pinching pennies this year.

City Manager George Purefoy said the faltering economy has forced officials to examine their practices and look for ways to streamline and cut spending.

"You have to force government to find some efficiencies," he said. "Raising the tax rate – that's too easy of an answer. I'm not saying this is a good thing to go through, but it's been eye-opening."

Last year, the city estimated that sales tax revenue would grow by 9 percent. So far this year it has trended lower, and officials expect it to end up closer to 4 percent.

Next year's budget anticipates a conservative 2 percent growth in that revenue stream because of economic conditions and because officials expect to lose some shoppers to Allen.

For years, the city also has benefited from double-digit growth in property values, but that also has dipped. Values increased 9.2 percent, about half of last year's increase.

Water, sewer and garbage charges will probably increase, though those rates are not set. Frisco has not raised water rates since 1994.

Cost-saving measures recommended in the \$203.4 million operating budget include restricting travel, freezing open positions, reducing fuel use and trimming expenses for food and bottled water.

Closing the Municipal Outdoor Pool at Maple and Mimosa streets will save \$133,848. The pool will soon need costly repairs, officials said, and attendance has dropped since the Frisco Athletic Center opened. And long-term plans for nearby Bicentennial Park include a sprayground.

The city has designated \$40,000 of the savings for scholarship memberships to the athletic center for low-income children.

Though tighter than previous years, Mr. Purefoy said, the budget maintains a level of service that Frisco residents expect.

"I think we're in reasonable shape," he said. "There is no doubt it will certainly be better for us if sales tax revenues go up. ... But worse things could happen to you if you think you're having a rough year and you still have an increase in revenues."