



# 2024 Property Tax Rate Calculation

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*PRESENTED TO THE FINANCE COMMITTEE ON AUGUST 7, 2024*

# Tax Rate Focus

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- On June 17, 2024, the City Council approved a resolution directing the City Manager to prepare a budget calendar for the orderly adoption of the property tax rate and annual budget for FY 2024-2025, assuming a property tax rate that does not exceed the voter-approval rate
- Current tax rate is M&O \$0.442; Debt Rate \$0.1923; Total Rate \$0.6325
- On July 25, 2024- the City and Johnson County Tax Office received the July certified roll from both the Tarrant County and Johnson County Tax Office
- On July 29, 2024, the Johnson County Tax assessor's Office submitted the 2024 Tax Rate Calculation Worksheet to Finance for review
  - This worksheet calculates the NNRR, M&O NNRR, Debt Rate and Voter Approval Rate

# Property Tax Overview

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- Senate Bill 2 – In effect since 2020
  - No New Revenue Rate (NNRR) – total tax rate that would generate the same tax revenue from previous year
    - Based on previous year tax base
      - Tax values increase – total tax rate to generate same revenue as last year goes down
      - Tax values decrease – total tax rate to generate same revenue as last year goes up
- M&O No New Revenue Rate (M&O NNRR) – M&O tax rate that would generate the same tax revenue from previous year – General Fund
  - M&O tax rate has a 3.5% cap without voter approval
  - Previous cap was 8%
  - Above 3.5% tax increase requires voter approval

# Property Tax Overview (cont.)

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- Unused Increment Rate - A taxing unit that did not use all of its revenue growth may bank that unused growth as long as the taxing unit averaged below 3.5 percent of the voter-approval rate over three years
  - 2021 Unused Increment Rate - \$0.0112
  - 2022 Unused Increment Rate - \$0.0048
  - 2023 Unused Increment Rate - \$0.0000
- Voter-Approval Tax Rate - Maintenance and Operations No-New-Revenue Tax Rate times 1.035 plus current Debt Tax Rate plus Unused Increment Rate
- The Finance Committee and the Council directed staff to utilize strategies to preserve the existing tax reduce in an effort to maximize maintenance and operation funds

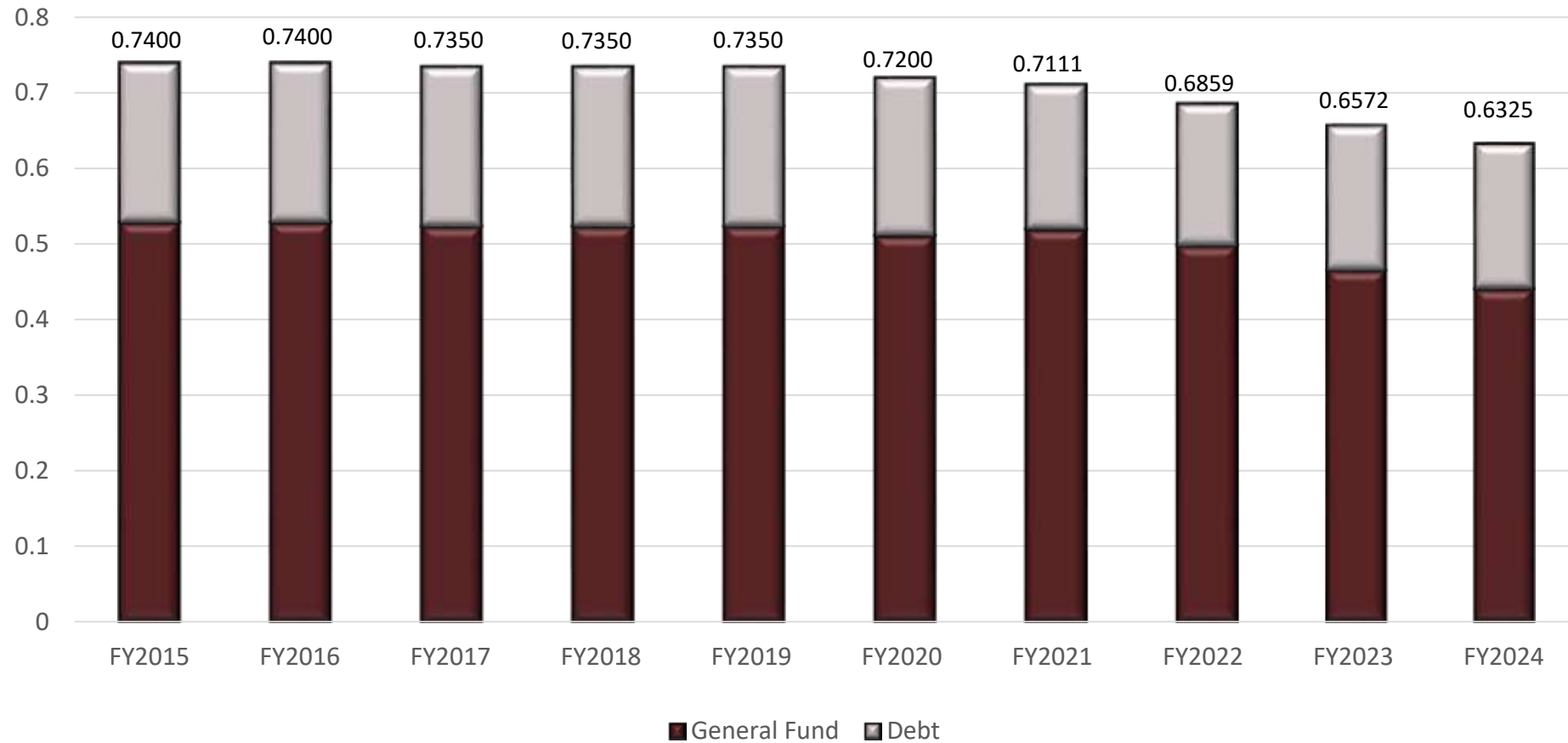
# FY 24-25 (Tax Year 2024) Tax Rate

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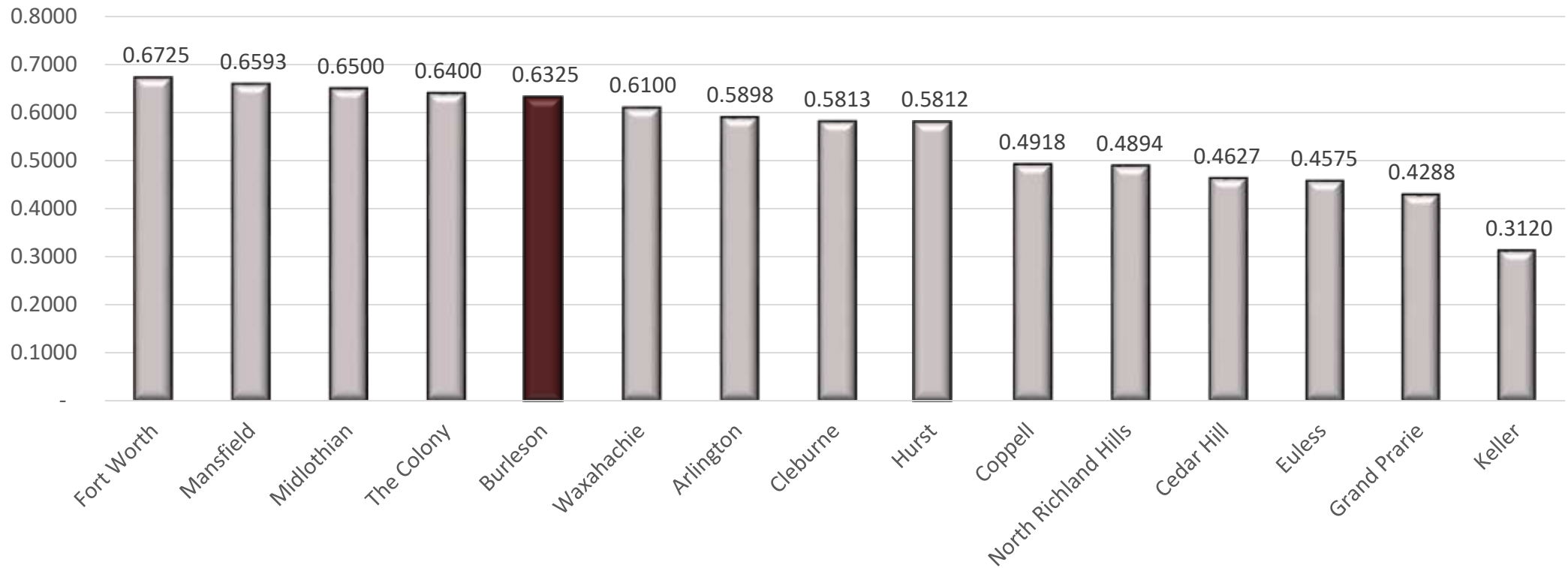
- Current Tax Rate- M&O Rate **\$0.4402**; Debt Rate **\$0.1923**; Total Rate **\$0.6325**
- FY 2025 Tax Rates:
  - NNRR - **\$0.6239**
  - M&O NNRR - \$0.4391
  - 3.5% of M&O NNRR - \$0.4544 (Also referred as M&O Vote-Approval Rate)
  - Debt Rate - \$0.1923
  - Voter Approval Rate (Before Increment) - **\$0.6466**
  - Unused Increment Rate - \$0.0160
  - Voter Approval Rate - **\$0.6627**

# Property Tax Facts

Tax Rate History



# Other City Tax Rates Comparative



# Property Tax Rate Options

	Rate	Revenue	Difference	Cumulative
No New Revenue Rate	\$ 0.6239	\$ 34,001,163	\$ -	-
Current Rate	\$ 0.6325	\$ 34,469,844	\$ 468,681	\$ 468,681
Voter Approval Rate (Without Increment)	\$ 0.6466	\$ 35,238,263	\$ 768,419	\$ 1,237,100
Voter Approval Rate (With Increment)	\$ 0.6627	\$ 36,115,677	\$ 877,414	\$ 2,114,514



# Property Tax Rate Options

	Rate	Total Tax Levy	Average Monthly Increase	Average Annual Increase
No New Revenue Rate	\$ 0.6239	\$ 1,871.01	\$ 0.00	\$ 0.00
Current Rate	\$ 0.6325	\$ 1,896.80	\$ 2.15	\$ 25.79
Voter Approval Rate (Without Increment)	\$ 0.6466	\$ 1,939.08	\$ 3.52	\$ 42.28
Voter Approval Rate (With Increment)	\$ 0.6627	\$ 1,987.36	\$ 4.02	\$ 48.28

*Average home value \$299,889*

# FY24-25 Proposed Fees

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# Water & Wastewater Fees

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# FY24-25 Residential Fees

## Residential Monthly Charges – ¾” Meter

### 5,000 Water & 5,000 Wastewater Consumption

Current	Proposed	Monthly Increase	Annual Increase
\$87.66	\$92.85	\$5.19	\$62.28

### 10,000 Water & 5,000 Wastewater Consumption (Average Residential Consumption)

Current	Proposed	Monthly Increase	Annual Increase
\$112.16	\$119.07	\$6.91	\$82.92

### 30,000 Water & 5,000 Wastewater Consumption

Current	Proposed	Monthly Increase	Annual Increase
\$237.06	\$252.71	\$15.65	\$187.80

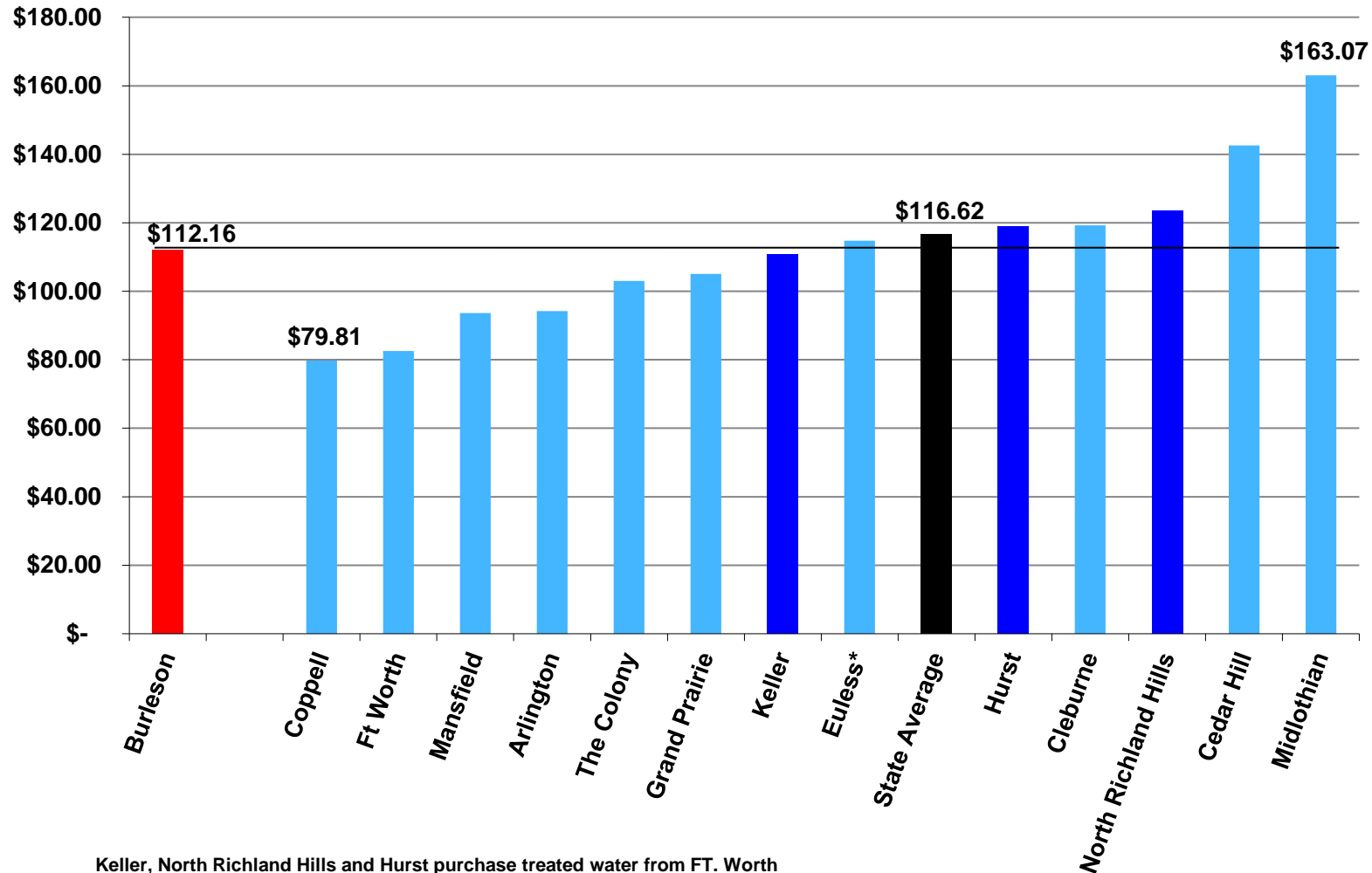
# FY24-25 Commercial Fees

## Commercial Monthly Charges – 2” Meter

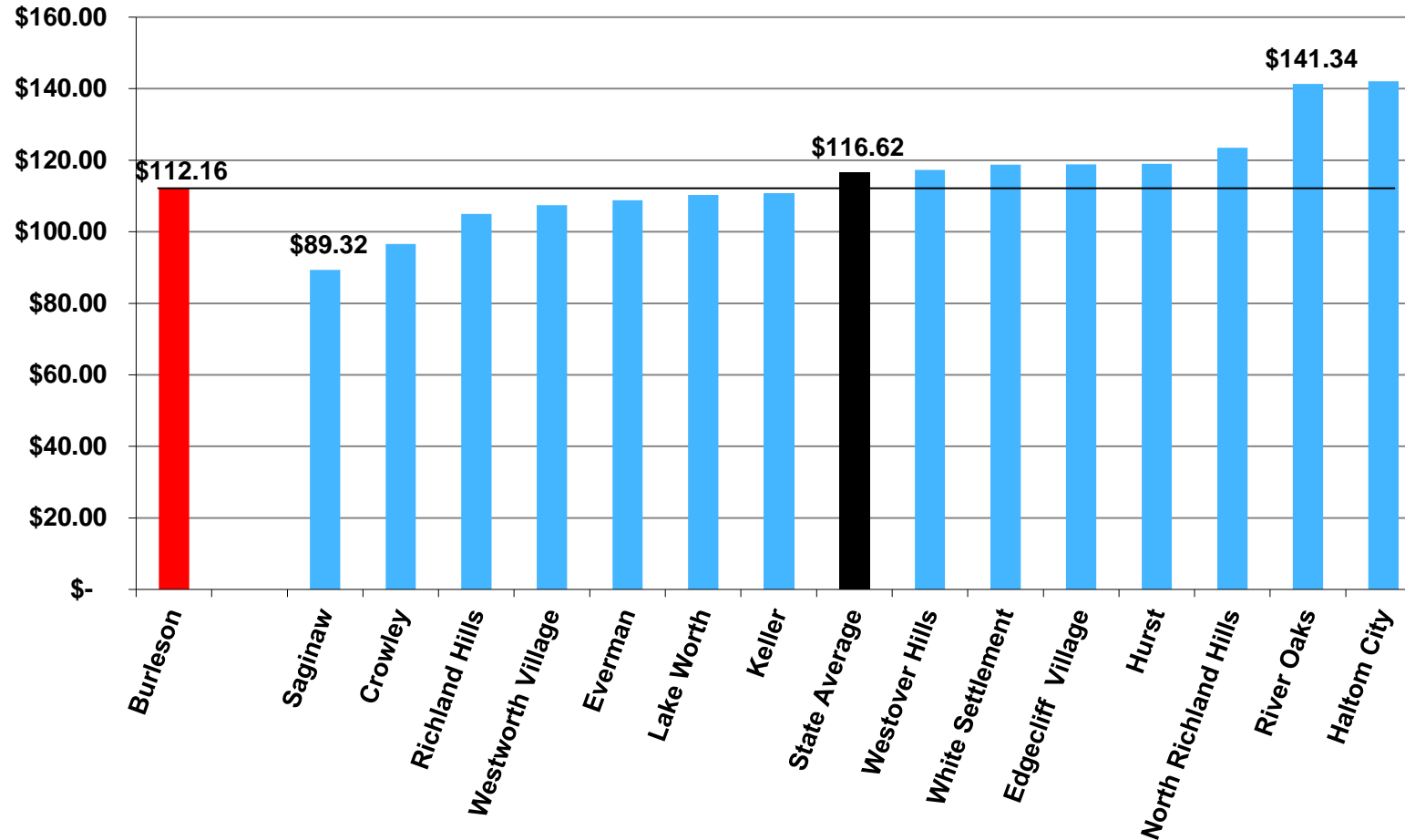
40,000 Water & 40,000 Wastewater Consumption

Current	Proposed	Monthly Increase	Annual Increase
\$542.58	\$575.78	\$33.20	\$398.40

# Monthly Residential Charge Comparison 10,000 Gal W, 5,000 Gal WW



# Monthly Residential Bill Comparison Fort Worth Wholesale Customers



Note: Keller purchases water only from Ft. Worth

# Solid Waste Fees

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# Burleson Solid Waste Residential Rate Detail

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Type	FY 2023-24	FY 2024-25
Waste Collection	\$16.20	\$17.28
Recycling	\$3.00	\$3.21
Admin and Overhead	\$1.10	\$2.10*
Franchise Fee	\$1.54	\$1.64
<b>Total</b>	<b>\$21.84</b>	<b>\$24.23</b>

\* The Admin and Overhead amount includes \$1.00 for the Littler Abatement contract service.

# Burleson Solid Waste Non-Residential Rate Detail

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## Small Collections

Type	FY 2023-24	FY 2024-25
Waste Collection	\$23.43	\$27.22
Admin and Overhead	\$1.10	\$2.10
Franchise Fee	\$1.87	\$2.18
<b>Total</b>	<b>\$26.40</b>	<b>\$31.50</b>

## Large Collections

Type	FY 2023-24	FY 2024-25
Waste Collection	\$35.58	\$41.32
Admin and Overhead	\$1.10	\$2.10
Franchise Fee	\$2.83	\$3.31
<b>Total</b>	<b>\$39.31</b>	<b>\$46.73</b>

# Solid Waste Rates Comparison Cities

	Arlington	Burleson	Cedar Hill	Cleburne	Coppell	Eules	Fort Worth	Grand Prairie	Hurst	Keller	Mansfield	NRH	The Colony
<b>Rates</b>	\$19.19	<b>\$24.23</b>	\$18.24	\$16.80	\$19.33, plus \$.10 education fee	\$25.43	\$12.50 - 32 gal \$17.50 – 64 gal \$22.75 – 96 gal	\$17.07	\$9.68	\$18.62	\$12.28	\$19.39	\$16.29
<b>Frequency</b>	Once weekly	<b>Twice Weekly</b>	Once weekly	Once Weekly	Twice Weekly	Twice Weekly	Once Weekly	Twice Weekly	Twice Weekly	Twice Weekly	Twice Weekly	Twice Weekly	Once Weekly
<b>Carts/Bags</b>	Cart Only	<b>Either</b>	Cart Only	Cart Only	Either	Either	Cart Only	Bags	Either	Either	Either	Either	Cart Only
<b>Recycling Rate</b>	Included with Trash	<b>Included with Trash</b>	Included with Trash	Optional Third Party Service	Included with Trash	Included with Trash	Included with Trash	\$2.00	\$4.78	Included with Trash	\$5.50	Included with Trash	\$6.32

## Notes:

All rates are based on a per month basis.

Chart is for residential collection only.

# Cumulative Fees

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# Average Residential Fee Totals

Property Tax Rate		Average Monthly Increase	Average Homestead Decrease	Monthly Solid Waste Increase	Average Water & Wastewater Increase	Total Average Monthly Increase	Total Average Annual Increase
No New Revenue Rate	\$0.6239	\$0.00	(\$4.68)	\$2.39	\$6.91	\$4.62	\$55.44
Current Rate	\$0.6325	\$2.15	(\$4.74)	\$2.39	\$6.91	\$6.71	\$80.52
Voter Approval Rate (Without Increment)	\$0.6466	\$3.52	(\$4.85)	\$2.39	\$6.91	\$7.97	\$95.64
Voter Approval Rate (With Increment)	\$0.6627	\$4.02	(\$4.97)	\$2.39	\$6.91	\$8.38	\$100.56

# Street Maintenance Fee - Update

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# Street Maintenance Fee

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- During budget deliberations, staff recommended the City Council consider the possible future adoption of a street maintenance fee
- Fee would be used to augment maintenance and operations funding to improve the city's street infrastructure
- Intention was offset proposed fee by reducing the city's solid waste rate through:
  - Possible implementation of once a week polycart collection
  - Franchising of commercial and industrial collection

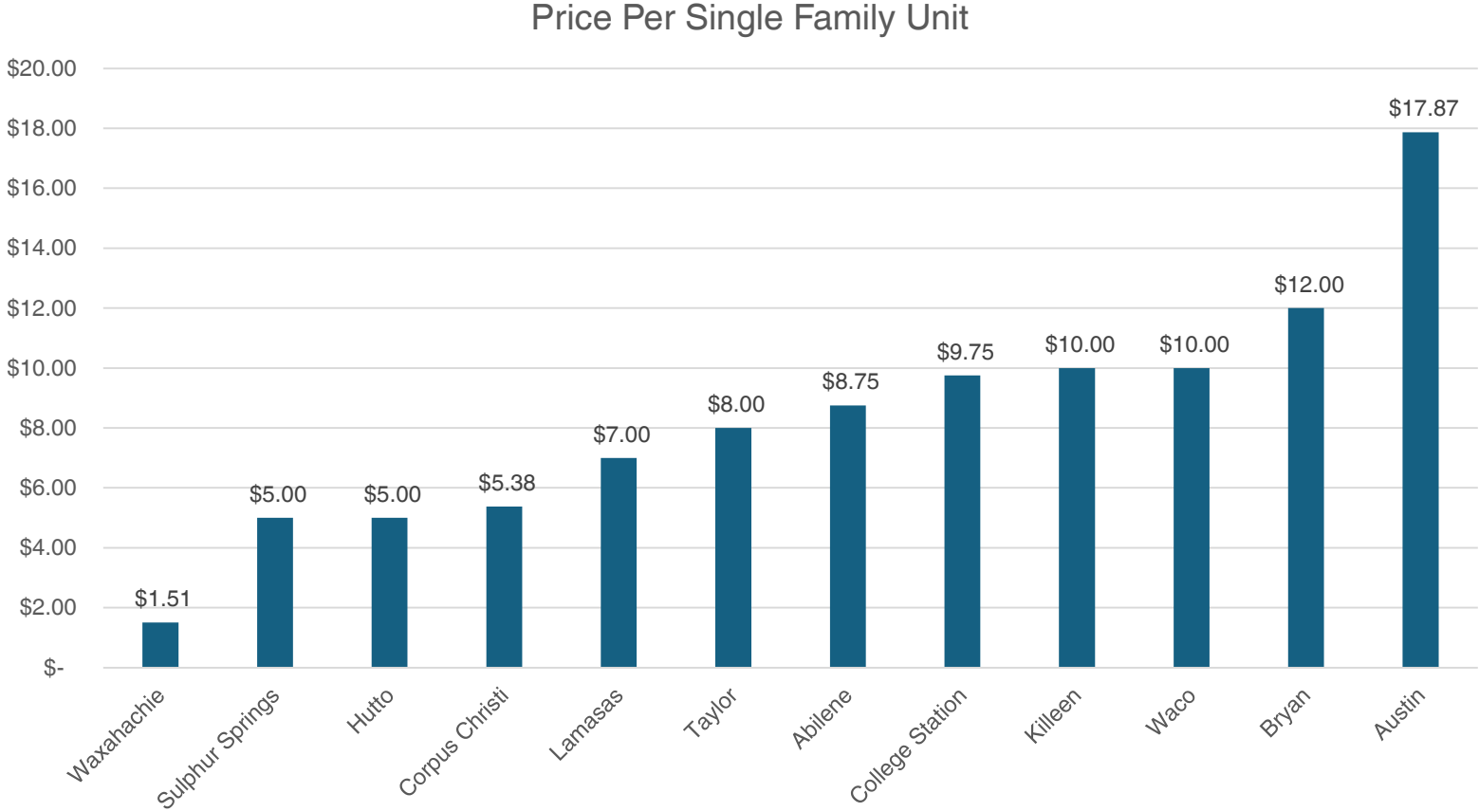
# Street Maintenance Fee

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- Staff has engaged legal and a third party consultant to explore releasing a request for proposal for alternative trash collection options
  - Existing contract restricts the city's ability to terminate for convenience, so a full competitive proposal may not be a viable option
  - Staff and consultant are currently negotiating with existing vendor on options to reduce the solid waste rate so as to reduce the impact of a possible street maintenance fee
- Staff has solicited proposals for a street maintenance and stormwater fee analysis, and is currently awaiting response
- Analysis will:
  - Established recommended fees
  - Determine rough proportionality



# Street Maintenance Fees in Other Communities



# Possible Revenue

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Current Street Maintenance Budget

- \$1,111,500
- Includes Contracted Services and purchase of material for staff work

<b>Possible Revenues from Street Maintenance Fees</b>		
<b>Based on 15,997 Residential Properties</b>		
<b>Rate</b>	<b>Monthly</b>	<b>Annual</b>
\$ 1.50	\$ 23,995.50	\$ 287,946.00
\$ 2.50	\$ 39,992.50	\$ 479,910.00
\$ 4.00	\$ 63,988.00	\$ 767,856.00
\$ 5.00	\$ 79,985.00	\$ 959,820.00
\$ 7.00	\$ 111,979.00	\$ 1,343,748.00
\$ 8.00	\$ 127,976.00	\$ 1,535,712.00
\$ 10.00	\$ 159,970.00	\$ 1,919,640.00

# Street Maintenance Fee

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- Without a competitive proposal for waste collection, a fee reduction to offset a possible street maintenance fee may not be possible
- While authorized today, future legislation may prohibit the use street maintenance fees
- The rough proportionality of a street maintenance fee could be challenged
- Neighboring municipalities have halted the planned implementation of their street maintenance fees
- While a street maintenance fee is still a viable option, the adoption of a tax rate exceeding the no new revenue rate could be utilized to increase funding for street infrastructure in lieu of a street maintenance fee

# Next Steps

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- August 5, 2024 – The City Manager will submit a copy of the FY 2024-2025 Proposed Budget to the City Secretary's Office and City Council
- August 7, 2024 – Finance Committee meeting – City Manager FY 2024-2025 budget presentation
- August 12, 2024 – Special Session meeting – City Manager FY 2024-2025 budget presentation
- September 3, 2024
  - Public Hearing on budget and tax rate
  - First reading of Budget, Tax Rate, and Other Related Ordinances
- September 9, 2024 – Final reading of Budget, Tax Rate, and Other Related ordinances

# Council Direction

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- Provide staff direction regarding the M&O Tax Rate
- Provide staff direction regarding the I&S Tax Rate

# QUESTIONS/COMMENTS