THE CITY OF BURLESON TEXAS

Department Memo

City Council Regular Meeting

DEPARTMENT: **City Manager's Office**

FROM: **Harlan Jefferson, Deputy City Manager**

MEETING: **September 8, 2026**

SUBJECT:

Consider and take possible action on a resolution regarding the Central Appraisal District of Johnson County's Building Acquisition Proposal to purchase a building for use as its office**.**
(Staff Contact: Harlan Jefferson, Deputy City Manager)

STRATEGIC PRIORITY AND GOAL(S):

Strategic Priority	Strategic Goal
High Performing City Organization Providing Exceptional, People Focused Services	1.2 Continue to improve the efficiency and productivity of operations 1.3 Deliver high-quality service and communications to external and internal customers 1.4 Be a responsible steward of the city's financial resources by providing rates and fees that represent a strong value to our citizens; providing timely, accurate and transparent financial reporting; and utilizing long-range planning.

SUMMARY:

The Board of Directors of the Central Appraisal District of Johnson County (JCAD) is requesting approval from its participating taxing units to purchase and renovate an existing commercial building located at 240 N. Burleson Blvd. in Burleson for use as JCAD's primary office facility. The proposed facility contains approximately 24,939 square feet on two acres, with 62 existing parking spaces and an additional 1.3-acre tract that could accommodate additional parking or future expansion. JCAD has negotiated a purchase price of $6.5 million for the property.

According to JCAD, the proposed acquisition is intended to address limitations with its existing facility in Cleburne and provide sufficient space for its operations for the next 20 to 30 years. JCAD reports that its current facility has fallen into significant disrepair and has insufficient space for existing operations and future expansion. An organizational audit conducted by an independent consultant also identified employee health and safety concerns and overcrowding. In addition, the existing facility has insufficient onsite parking and meeting space, requiring JCAD to pay for offsite parking and use the Cleburne Conference Center for Board meetings. The facility also lacks adequate space to efficiently accommodate the growing number of property tax protest hearings. JCAD anticipates that the proposed facility would provide space for four dedicated Appraisal Review Board (ARB) hearing rooms, allowing multiple panels to operate simultaneously and potentially shortening the annual hearing process.

JCAD evaluated three primary alternatives to address its facility needs: rehabilitating its existing facility; acquiring land and constructing a new facility; and purchasing and renovating an existing building. JCAD determined that its existing facility could not reasonably be rehabilitated or expanded due primarily to limited space for building expansion and additional parking. JCAD also evaluated acquiring land and constructing a new facility, which was estimated to cost approximately $8 million to $10 million and take approximately 1.5 to two years to complete. After evaluating four existing properties, JCAD identified the property at 240 N. Burleson Blvd. as its preferred alternative.

The property was initially offered for $8.1 million. JCAD reports that a January 2026 CBRE market appraisal valued the property at $8.1 million and that its buyer’s agent provided an opinion of value of approximately $7.2 million. JCAD subsequently negotiated a purchase price of $6.5 million. In addition to the purchase price, JCAD estimates approximately $900,000 for renovations and finish-out and approximately $130,000 in closing costs.

JCAD proposes to finance 100% of the $6.5 million purchase price through a bank loan and use existing cash reserves from its Building Purchase Fund for renovation and closing costs. JCAD reports approximately $2.4 million currently available in that fund. JCAD also intends to sell its existing Main Street facility, which is debt-free, and estimates approximately $800,000 in proceeds from the sale. However, at this time, the building has not been sold. Those proceeds would initially be used to make mortgage payments. JCAD has discussed financing with its current bank based on a 15- to 20-year term at an anticipated interest rate of approximately 5%.

JCAD anticipates that the acquisition would not require an increase in its budget for 2027 because proceeds from the sale of the existing facility would initially be used toward mortgage payments for the first year. Beginning in 2028, JCAD estimates that its annual budget could increase by approximately 12% to accommodate the mortgage payments. JCAD indicates that potential sublease revenue from excess space in the proposed facility could reduce the estimated increase to approximately 8.5%. JCAD estimates potential sublease revenue of approximately $155,150 annually. If the existing building is not sold as expected, the increase passed on to public entities could happen sooner.

The purchase of the proposed site would remove it from the tax roll. This would reduce the property tax revenue for BISD, the City of Burleson, and Johnson County.

Based on a comparison of the Texas Comptroller’s current appraisal-district street addresses with the Texas State Library’s official list of county seats, five of Texas’s 254 counties where the appraisal district’s principal office is in a city other than the county seat. In other words, approximately 2.0% of Texas counties have their appraisal district's principal office outside the county seat.

Under Section 6.051 of the Texas Property Tax Code, a taxing unit must pass a resolution to approve or disapprove the proposed acquisition within 30 days of the date it receives a request from the Appraisal District and 40 days from receipt of the request to deliver it to the Appraisal District. The City received JCAD's request on August 11, 2026. The City Council is therefore being asked to consider a resolution approving or disapproving JCAD's proposed acquisition of the property at 240 N. Burleson Blvd at your September 8, 2026, meeting to comply with this deadline.

The acquisition of real property, conveyance of real property, or construction of a JCAD building must be approved by 3/4ths of the governing bodies of the taxing units entitled to appoint board members. If a governmental body fails to act in a timely manner, the governmental body is deemed to have approved the proposal. Though not explicitly stated in the code, the voting system seems to be in the same manner as electing a single board member.

RECOMMENDATION:

After reviewing and discussing the merits of the proposal, staff recommend that the Council approve or disapprove the Central Appraisal District of Johnson County's Building Acquisition Proposal to purchase a building for use as its office.

PRIOR ACTION/INPUT (Council, Boards, Citizens):

N/A

REFERENCE:

N/A

FISCAL IMPACT:

Approval of the proposed building acquisition would not result in immediate direct expenditure by the City. JCAD proposes to finance 100% of the $6.5 million purchase price and use existing JCAD reserves to fund the estimated renovation and closing costs.

JCAD anticipates no increase in its 2027 budget associated with the acquisition because proceeds from the planned sale of its existing facility would initially be used to make mortgage payments. Beginning in 2028, JCAD estimates that its annual budget could increase by approximately 12% to accommodate the mortgage payments. JCAD further estimates that potential revenue from subleasing excess space in the proposed facility could reduce the anticipated budget increase to approximately 8.5%.

The FY 2026-2027 Proposed Budget has $453,513 budgeted for JCAD's services. A 12% increase would result in a $54,421 increase for a total annual cost of $507,934. An 8.5% increase would result in a $38,548 increase for a total annual cost of $492,061.

STAFF CONTACT:

Harlan Jefferson
Deputy City Manager
hjefferson@burlesontx.com

817-426-9651