

Mayor and Council Communication

DATE: 01/11/22

M&C FILE NUMBER: M&C 22-0001

LOG NAME: 03 APPRAISAL DISTRICT COSTS FY2022

SUBJECT

(ALL) Authorize Payment of the City of Fort Worth's Assessed Pro-Rata Allocation of the Tarrant Appraisal District and Denton Central Appraisal District Budgets for January through December 2022 in an Amount Up to \$3,068,711.00

RECOMMENDATION:

It is recommended that the City Council:

1. Authorize a payment of the City of Fort Worth's pro-rata allocation of the Tarrant Appraisal District's 2022 budget for the months of January through December 2022 in an amount up to \$2,888,711.00; and
2. Authorize a payment of the City of Fort Worth's pro-rata allocation of the Denton Central Appraisal District's 2022 budget for the months of January through December 2022 in an amount up to \$180,000.00.

DISCUSSION:

All local jurisdictions are required by Section 6.06(d) of the Texas Property Tax Code to fund the local county appraisal district. The City of Fort Worth currently funds four appraisal districts, although only two, Tarrant Appraisal District (TAD) and Denton Central Appraisal District (DCAD), require M&C approval for payment. The attached Informal Report breaks down all four appraisal districts. The City of Fort Worth's pro-rata share for each district is based on the City's percentage of total property taxes imposed in each district.

The table below shows the past two year's budgets for the appraisal districts under the City of Fort Worth. Also included is the City's share of the appraisal district budgets.

Appraisal District Budgets and the City's Allocation						
	2021			2022		
Appraisal District	District Budget	CFW Allocation	% of Total	District Budget	CFW Allocation	% of Total
TAD	25,592,687.00	2,692,299.00	10.52%	26,790,117.00	2,888,711.00	10.78%
DCAD	14,234,604.00	126,935.00	0.89%	15,324,294.00	180,000.00	1.17%

TAD's 2022 Budget reflects an increase of 4.7% over the previous year. This increase was primarily due to Payroll expenses, as Salary & Benefit costs increased by \$1.04M, or 5.4%, in 2022. This included the addition of 1 full time equivalent, increasing TAD's total to 212 positions. The remainder of the budget increase is attributable mostly to Litigation & Arbitration expenses, a result of increased protests by property owners.

DCAD's 2022 Budget reflects an increase of 7.7% over the previous year. Most of the increase is due to additional payroll costs of \$859,560.00, or 8.7%, as 6 positions were added the DCAD's 2022 budget, resulting in a new total of 87. The remainder of the budget increase is attributable to Subscription & Contract costs, as DCAD plans to spend about \$493,000.00 more on outside vendors for ownership, sales, and value information.

TAD and DCAD operate on a January through December fiscal year. The City will make quarterly payments to TAD and DCAD in the amount up to \$722,178.00 and \$45,000.00 respectively. This Mayor and Council Communication covers the calendar months of January 1, 2022 through December 31, 2022 with nine months falling in the City's current Fiscal Year 2022 and the remaining three months in the City's Fiscal Year 2023. Therefore, the total expenses for the City in Fiscal Year 2022 will be \$2,166,533.25 to TAD and \$135,000 to DCAD, for a comined total of \$2,301,533.00.

A Form 1295 is not required because: This contract will be with a governmental entity, state agency or public institution of higher education: Tarrant Appraisal District and Denton Central Appraisal District

FISCAL INFORMATION / CERTIFICATION:

The Director of Finance certifies that upon approval of the above recommendations, funds are available in the current operating budget, as previously appropriated, in the General Fund, and that upon adoption of the Fiscal Year 2023 Budget by the City Council, funds will be available in

the Fiscal Year 2023 Operating Budget, as appropriated, of the General Fund. Prior to an expenditure being incurred, the Planning and Data Analytics Department has the responsibility to validate the availability of funds.

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Additional Information Contact: