

**ORDINANCE NO. 1436-2024**

**AN ORDINANCE ADOPTING THE 2024-2025 FISCAL YEAR BUDGET THEREBY MAKING APPROPRIATIONS FOR THE SUPPORTING OF THE CITY OF RIVER OAKS, TEXAS BEGINNING OCTOBER 1, 2024 AND ENDING ON SEPTEMBER 30, 2025; ADOPTING THE OPERATING BUDGETS ATTACHED HEREIN AS EXHIBIT "A" FOR GENERAL FUND, WATER AND SEWER FUND, 2017A & 2017B IMPROVEMENT BOND, ECONOMIC DEVELOPMENT CORPORATION, RIVER OAKS CRIME CONTROL & PREVENTION DISTRICT, STORM WATER FUND, TAX INCREMENT REINVESTMENT ZONE NO. 1 & No. 1A AND 501 C3 NON-PROFIT CORPORATIONS (FRIENDS OF THE ANIMAL SHELTER, FOUNDATION SUPPORTING THE RIVER OAKS COMMUNITY CENTER AND PARKS FOUNDATION OF RIVER OAKS) FOR OCTOBER 1, 2024 – SEPTEMBER 30, 2025 BY A RECORD VOTE OF THE CITY COUNCIL.**

**WHEREAS,** Notice of Public Hearing on the budgets for the City of River Oaks, Texas, was heretofore published on the City's web page at [www.riveroakstx.com](http://www.riveroakstx.com), and in a local newspaper of general circulation; and

**WHEREAS,** pursuant to Section 102.0065 of the Texas Local Government Code, the governing body shall publish notice of a public hearing relating to a budget not earlier than the 30<sup>th</sup> or later than the 10<sup>th</sup> day before the date of the hearing; and

**WHEREAS,** notice of public hearings were properly published in a newspaper of general circulation scheduling a public hearing for September 3, 2025 to consider adopting the 2024-2025 Fiscal Year Budget beginning October 1, 2024 and ending September 30, 2025; and

**WHEREAS,** on November 3, 2009 the City held an election in order to consider amending the City's Charter; and

**WHEREAS,** Proposition 1 that was placed on the ballot provided for the amendment to change the City's Fiscal Year to begin on October 1<sup>st</sup> and end on September 30<sup>th</sup> in the succeeding year; and

**WHEREAS,** Proposition 1 passed by a count of 245 for and 75 against; changing the City's Fiscal Year to October 1<sup>st</sup> beginning October 1, 2010; and

**WHEREAS,** pursuant to Section 102.002 of the Texas Local Government Code, the budget officer of the city is required to prepare an annual budget to cover the proposed expenditures for the succeeding year; and

**WHEREAS,** a Public Hearing was duly held, and all interested persons were given an opportunity to be heard for or against any revenue or expenditure item therein.

**NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF RIVER OAKS, TEXAS:**

**SECTION 1**

That the appropriations beginning October 1, 2024 and ending September 30, 2025 for the support of the general government of the City of River Oaks, Texas, be fixed and determined for said terms in accordance with the expenditures shown in the City's Operating Budget beginning October 1, 2024 through September 30, 2025: General Fund, Water and Sewer Fund, 2017A & 2017B Improvement Bonds, Economic Development Corporation, and River Oaks Crime Control and Prevention District and Storm Water Fund and Tax Increment Reinvestment Zone Numbers 1 & 1A and 501 C3 Non-Profit Corporation budgets, a copy of which is appended hereto as Exhibit A with the cover letter from the City Manager pursuant to Senate Bill 656 effective on September 1, 2013 with the specific statement as to whether the budget raises more, less or the same amount of property tax revenue compared to the previous year's budget.

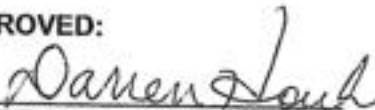
## SECTION 2

That the budgets as shown in words and figures in Exhibit A are hereby approved following a record vote of the City Council by name voting in all respects and adopted as the City's budgets beginning October 1, 2024 and ending on September 30, 2025.

**PASSED AND APPROVED BY RECORD VOTE OF THE CITY COUNCIL ON THIS THE 3<sup>rd</sup> DAY OF SEPTEMBER 2024 AS FOLLOWS:**

Councilman John Claridge, Place 1, voted "Aye"  
Councilman Steve Holland, Place 2, voted "Aye"  
Councilman Leigh Ann Turner, Place 3, voted "Aye"  
Councilman Yolie Rodriguez, Place 4, voted "Aye"  
Councilman Brent Forester, Place 5 voted "Aye"

**APPROVED:**

  
DARREN HOUK, MAYOR

**ATTEST:**

  
PAULA LUCK, CITY SECRETARY



## 2024-2025 ADOPTED OPERATIONAL BUDGETS

The 2024-2025 City of River Oaks Fiscal Year Budget is a financial plan for 12-months of operations that matches all planned revenues and expenditures with the services provided to the residents of the City of River Oaks based on established budgetary policies.

This budget will raise more total property taxes than last year's budget by \$127,363 dollars or 3.46% and of that amount \$20,978.14 is tax revenue to be raised from new property added to the tax roll this year.

### 2024 PROPERTY TAX RATES IN CITY OF RIVER OAKS

THIS YEAR'S PROJECTED PROPERTY TAX REVENUE AT A 95% COLLECTION RATE INCLUDING TAX CEILINGS FROM PREVIOUS YEARS IS \$3,481,243 BASED ON ADOPTING THE TAX RATE OF \$0.675827 PER \$100 OF VALUE.

### TAX RATE COMPARISON

#### **Last Year (2023-2024 Fiscal Year):**

- No New Revenue Maintenance & Operations Tax Rate = \$0.579560 per \$100 of property value
- Voter Approval Maintenance & Operations Tax Rate = \$0.599844 per \$100 of property value
- Debt Rate: \$0.077777 per \$100 of property value
- Voter Approval Tax Rate (adjusted to include debt rate) = \$0.677621 per \$100 of property value
- De Minimis Tax Rate = \$0.770407 per \$100 of property value
- *Proposed 2023 Maintenance and Operations Tax Rate = \$0.582433 per \$100 of property value*
- *Total Tax Rate includes debt rate (\$0.582433 + \$0.077777 = \$0.660210 per \$100 of property Value)*

#### **This Year (2024-2025 Fiscal Year):**

- No New Revenue Maintenance & Operations Tax Rate = \$0.562924 per \$100 of property value
- Voter Approval Maintenance & Operations Tax Rate = \$0.582626 per \$100 of property value
- Debt Rate: \$0.076945 per \$100 of property value
- Voter Approval Tax Rate (adjusted to include debt rate) = \$0.675827 per \$100 of property value
- De Minimis Tax Rate = \$0.745440 per \$100 of property value
- *Proposed 2024 Maintenance and Operations Tax Rate = \$0.582626 per \$100 of property value*
- *Unused Increment Tax Rate = \$0.016256*
- *Proposed Tax Rate + Unused Increment Rate + debt rate (\$0.582626 + \$0.016256 + \$0.076945 = \$0.675827/\$100 value*

**No New Revenue Tax Rate** is the tax rate for 2024 tax year that will raise the same amount of property tax revenue from the same properties in both the preceding tax year and the current tax year.

**"Voter-Approval tax rate"** means the highest tax rate that River Oaks may adopt without holding an election to seek voter approval of the rate.

**Debt Rate:** The debt rate of \$0.076945/\$100 is for payment of bonds that are secured by advalorem taxes unless can be paid by other resources including 50% of the Series 2017 A (sewer improvements), proposed interest only on 2022 Tax Note & Certificate of Obligation Bond issued & delivered in the aggregate principal amount of \$3,265,000 for paying all or a portion of the Issuer's contractual obligations incurred in connection with (i) constructing and improving streets, roads, alleys and sidewalks, and related utility relocation, drainage, signalization, landscaping, lighting and signage and including acquiring land

and interests in land therefor; (ii) designing, engineering, constructing, renovating, reconstructing, equipping and furnishing facilities for the city hall complex, and the police and fire departments, including related parking, landscaping, infrastructure, technology and equipment; and (iii) paying legal, fiscal, engineering and architectural fees in connection with these projects (collectively, the "Project").

**Unused Increment Tax Rate:** The unused increment rate is the rate equal to the sum of the prior 3 years foregone revenue amounts divided by the current taxable value, which is calculated to be **\$0.016256/\$100** assessed value of all taxable property for a **total Maintenance & Operations Rate of \$0.598882/\$100 (\$0.582626 + \$0.016256) assessed value of taxable property.**

|  | 2023        | 2024          | Change  |
|--|-------------|---------------|---|
| <b>Total tax rate (per \$100 of value)</b> | \$0.660210* | \$0.675827*   | (Increase of 1.02365%/\$100 of value or 2.37%)<br><br>* Advalorem & Debt Tax Rate = Total Tax Rate.   |
| <b>Average homestead taxable value</b>     | \$179,154   | \$191,068     | (Increase of 1.066% from 2023)  |
| <b>Tax on average homestead</b>            | \$1,182.79  | \$1,291.29    | (\$108.50 increase of the nominal difference between amount of taxes imposed on the average taxable value of a residence homestead in 2023 and the amount of taxes proposed on the average taxable value of a residence homestead in 2024.) |
| <b>Total tax levy on all properties</b>    | \$2,996,451 | \$3,123,814** | **Increase of \$127,363 that includes a debt rate of \$422,651 (principal and interest on adjusted debt of \$1,006,467 less \$583,816 paid through the Water Fund).   |

**GENERAL FUND:** This year's tax revenue calculation based on an adjusted value of \$473,612,976 will produce up to 3,481,243 dollars at a 95% collection rate with the City Council adopting a Maintenance & Operations tax rate of \$0.582626/\$100 property value, an unused increment tax rate of \$0.016256 and a debt rate of \$0.076945/\$100 property value for a total 2024 property tax rate of \$0.675827/\$100 property value that will produce a total tax revenue collection at 95% of \$3,481,243 dollars of which 422,651 goes toward debt. In comparison to last year's adopted tax rate at \$0.660210/\$100, the total 2023 tax levy on all properties was \$2,996,451 whereas, the total tax levy for 2024 at the proposed tax rate of \$0.675827/\$100 would be \$3,123,814, for an additional \$127,363 more than last year's budget and will result in a proposed general fund budget in the **black by \$79,900.**

**SUMMARY:** The No New Revenue Maintenance & Operations tax rate this year is \$0.562924/\$100 property value, the Voter Approval Maintenance & Operations Tax Rate at \$0.582626/\$100, and a debt rate of \$0.076945/\$100. For instance, if the Council adopted a Maintenance & Operation Rate of \$0.582626/\$100 plus the unused increment tax rate of \$0.016256 with a debt rate of \$0.076945/\$100, would result in a tax rate of \$0.675827/\$100 of which the tax rate will effectively be raised by 2.37 percent and that tax rate will raise taxes for maintenance and operations on a \$100,000 home by approximately \$16.45.

Whereas, the taxes on an average homestead this year of \$191,068 at the adopted tax rate of \$0.675827/\$100 would be \$1,291.29 in comparison to an average homestead of \$179,154 last year at the tax rate of \$0.660210/\$100 being \$1,182.79, an increase of \$108.50 this year.

**(Tax Ceiling):** In January 2008, council adopted the tax freeze beyond which taxes on the elderly or disabled cannot increase. The 2008 tax levy was being the **baseline amount** for the freeze. Therefore, beginning in tax year 2009, the over 65 and disabled would have their city tax payments frozen at the 2008 level regardless of tax rate or valuation increases. From tax year 2009 forward the over 65 and disabled would have their city tax payments frozen on the residence homestead in the first tax year, other than a tax year preceding the tax year in which the individual qualified that residence homestead for the exemption for a disabled individual or an individual 65 years of age or older. (see Texas Tax Code Ann. §11.261 (b)(Vernon Supp. 2004).

With the passage of Senate Bill 2, the terminology changed from Effective Tax Rate to No New Revenue (NNR) tax rate and the rollback tax rate is now the voter-approval tax rate.

- The no-new-revenue tax rate is the tax rate for the current tax year that will raise the same amount of property tax revenue for the City of River Oaks from the same properties in both the (preceding tax year) tax year and the (current tax year) tax year.
- The voter-approval tax rate is the highest tax rate that River Oaks may adopt without holding an election to seek voter approval of the rate.
- The proposed tax rate is greater than the no-new-revenue tax rate. This means that (name of taxing unit) is proposing to increase property taxes for the (current tax year) tax year.
- "de minimis rate": The de minimis rate is the rate equal to the sum of the no-new-revenue maintenance and operations rate for (name of taxing unit), the rate that will raise \$500,000, and the current debt rate for (name of taxing unit)

**GENERAL FUND BUDGET:** The **General Fund Expenditures** increased last year from \$7,839,826 to this year at \$7,914,679 (1% increase) due to increased fuel costs, operational costs, supplies and personnel costs. The General Fund Reserves has a balance of \$351,054 that pursuant to our Investment Policy should not be under \$1,951,564 in order to maintain 90 days of operations in the event of an unforeseen shutdown.

**PERSONNEL COSTS:** personnel costs are the largest single increased expenditure cost associated with this budget. In researching pay rates of other municipalities, it is evident our pay scale is way under what others are paying, which keeps us less competitive in bringing in new employees and more important than that, it is impacting retaining our existing employees. This year included in this budget proposal there is an 8.36% proposed fire department increase bringing the Fire Department personnel salaries competitive to local cities similar in size and includes the remainder of the police department increases from last year and includes a 3% increase across the board for all other employees.

**General Fund Revenues** were increased this year 2.6% to \$7,994,579 from \$7,789,193 last year including a maintenance and operation tax rate sufficient to cover employee costs, Legal fees, operational costs for municipal court, streets, sanitation, police and fire department operations, animal control, park and recreation, community center, tax collections and administration costs. Revenues this year include a 4% commercial garbage increase, but there will be no residential garbage increase. Also, included is a 6% street rental fee from the water fund along with the projected costs in selling vehicles under the Enterprise Lease Plan that keeps a rotation of vehicles reducing equipment repair costs and that too is an added revenue that we have not had in the past. The goal this year as in past years is to find alternative revenue resources, which this budget reflects.

**Summary:** With projected revenues this year of \$7,994,579 and projected expenditures this year of \$7,914,679 that results in a General Fund Budget in the black by \$79,900 that is proposed to aid into rebuilding the low general fund reserves balance that is supposed to maintain enough funds to offset 90 days of operations.

**WATER FUND:**

This year the City of Fort Worth is proposing a 2.7 % increase in wastewater treatment costs that causes us to increase sewer rates by approximately 2.27 %. The proposal is to increase the base rate 50 cents for every 100 cubic feet from \$44.50 last year to \$45.00 this year and an usage rate increase from \$3.00 to \$3.15 for residential customers; altogether the increase is from 1.4% up to 3.1% per 100 cubic feet and another 1.7 percent increase on commercial rates. We are not proposing a water rate increase this year.

This year the enclosed spreadsheets will provide the two previous years (FY 2023 and FY 2024) budget numbers compared to what we are proposing for FY 2025. You will notice for the FY 2025 Budget Proposal that the Water Fund projects **total revenues** with a sewer rate increase to be \$4,705,000 down from last year's \$4,742,629, a decrease of 1% in Revenues. The **Expenditures** are projected at \$4,704,545 down from \$4,741,685 a decrease of approximately 1% that includes water plant maintenance, Fort Worth and Tarrant Water Regional Rates, sewer rate increases from Fort Worth along with the annual bond payments **resulting in a budget in the black by \$455.**

**2017A & 2017B IMPROVEMENT BOND:** Improvement Bond for \$15,000,000 of Water and Sewer Improvements from a low interest loan with the Texas Water Development Board in 2017 of which we deposit into the Improvement Bond Account from the total principle and interest on the adjusted debt of \$1,006,467 less the adjusted amount of \$583,816 paid through the Water Fund that the City Auditor set up in the past at \$54,000 per month or \$648,000 in order to have sufficient funds to offset the annual bond payments taking into account the percentage of actual debt collections for a budget in the black.

**ECONOMIC DEVELOPMENT CORPORATION:** The proposed EDC operational FY 2025 budget as is being presented by staff includes \$5,000 in promotional supplies, \$35,000 in property incentives related to business enterprises specifically with achievable benchmarks to invest financial incentives for qualified businesses to locate within the corporate limits of the city; professional services agreements in the amount of \$15,000 to assist with the development or operation of an economic development program; \$21,000 for transit services, \$132,530 on salary reimbursements, Banners for \$10,000, \$500 in miscellaneous supplies, \$1,000 in legal, \$5,000 in training, \$110 in publication, promotional in the amount of \$6,000 and Park and Community Center projects at \$38,000. We are projecting \$320,000 in sales tax collection and \$10,000 in other revenues. **Total projected expenditures are 269,140 dollars and when subtracted from the projected revenues of \$330,000 results in a budget in the black by \$60,860.**

**CRIME CONTROL & PREVENTION DISTRICT:** The proposed CCPD operational FY 24 budget includes Year 2 of the step plan for Police Officers plus salary for a detective totaling \$206,245 in salaries and benefits and \$14,000 this year for flairs, body cameras, tasers, radar, and \$5,000 on vests. We removed the new car purchase this year from the budget since we have entered into a vehicle lease program at this year's cost of \$13,500. **Total projected expenditures are \$322,677 dollars and total revenue projections of \$322,700 that results in a budget in the black by \$23.**

**STORM WATER FUND:** *In 2012, the city council by ordinance created the **River Oaks Municipal Storm Water Utility System** establishing storm water charges and monthly stormwater Utility System Fees for Residential and Non-Residential customers. The City in November 2023 with the adoption of Ordinance # 1392-2023 began accessing fees in the amount of \$7.00 per residential unit per month and \$0.00310 per square feet of impervious area per month on non-residential properties projected this upcoming year to be approximately \$294,718 in revenues for both residential and non-residential properties as follows:*

**\*\*Residential Customers**-----\$ 227,724.00 (2,711 X \$7.00)

**\*Commercial Customers**-----\$ 66,994.00 (LAST UPDATED)

**EXPENDITURES:** \$ 123,826 in Labor and benefits, supplies in the amount of \$20,250, contractual expenditures in the amount of \$163,099 including \$100,000 in drainage maintenance and \$40,000 in consultant fees and the annual payment for the sweeper of \$29,170 for a total of \$336,345 in expenditures resulting in a budget in the red by \$40,627 that can only be balanced using the prior year fund balance.

#### **TAX INCREMENT REINVESTMENT ZONE # 1:**

Pursuant to Section 311.010(h) of the Act and Article III, Section 52-a of the Texas Constitution, the City Council hereby authorizes the Board, as necessary or convenient to implement the Project and Finance Plan and achieve its purposes, to establish and provide for the administration of one or more programs for the public purposes of developing and diversifying the economy of the Zone, eliminating unemployment and underemployment in the Zone, and developing or expanding transportation, business, and commercial activity in the Zone, including programs to make grants of land and buildings and make grants from the TIRZ Fund for activities that benefit the Zone and stimulate business and commercial activity in the Zone. In addition, the City Council hereby authorizes the Board to exercise all the powers of the City under Chapter 380, Texas Local Government Code, as amended.

Pursuant to the creation ordinance we have established a TIRZ Fund and we also must adopt a budget supporting the revenues and expenditures of that fund for the upcoming fiscal year beginning October 1, 2024 and ending September 30, 2025. Currently we are proposing \$126,185 in Revenues and \$58,060 in expenditures for a budget in the black of \$68,125.

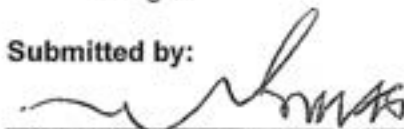
**EXPENDITURES:** Because that \$125,585 would be the proposed increment financing from property tax in the FY 2025 general fund budget, that amount must be deducted from the general fund and be transferred back into the TIRZ Fund that in effect reduces the tax revenues from the general fund. There are certain legitimate expenditures that include salary reimbursements, consultant fees, administrative expenses and project expenses included in the TIRZ Fund. The salary reimbursements would be for costs incurred to operate and maintain the TIRZ Fund by the city manager and city secretary as administrative costs calculated at 10% of their salary for the year.

Tirz Board projects the costs of the consultant for the coming year at \$5,000 as expenditures out of the TIRZ Fund. Last, we included \$1,000 for administrative expenses, if needed. With the \$30,737 in salary reimbursements, \$5000 for consultant expenses, \$1,000 for Administrative Expenses and a street project expense of \$21,323 the projected expenditures for FY 2025 are \$58,060 and once the proposed expenditures are deducted from the proposed revenues it results in a TIRZ budget in the black for FY 2025 by \$68,125.

#### **501C3 NON-PROFIT CORPORATIONS:**

1. **Friends of the Animal Shelter** is anticipating donations in the amount of \$4,000 and \$50 in bank interest for the year for a total projected revenue of \$4,050 with expenditures of \$1,400.00 resulting in a budget in the black by \$2,650.
2. **Foundation Supporting the River Oaks Community Center** is anticipating \$6,000 in donations, \$100 in bank interest and \$6,100 in expenditures resulting in a balanced budget.
3. **Parks Foundation of River Oaks** is projecting \$5,000 in revenues from donations and fundraisers, \$24 in bank interest income and is projecting expenditures in the amount of \$5,024 resulting in a balanced budget.

Submitted by:



Marvin C. Gregory III, City Manager