

**To the Mayor and Members of the City Council**

June 16, 2026

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**SUBJECT: STREET MAINTENANCE FEE FOLLOW-UP**

The purpose of this Budget Response is to provide requested information on the proposed Street Maintenance Fee and to evaluate the impacts of potential fee refinements.

**BACKGROUND**

The Transportation and Public Works Department (TPW) has been tasked with developing the framework for the adoption of a Street Maintenance Fee (SMF) to fund necessary street maintenance projects. On May 19, 2026, TPW staff presented the proposed SMF at the Budget Work Session. Following the presentation, there were requests for additional information regarding the following items. These topics are addressed in this Budget Response.

- A forecast of the reduction in the street reconstruction backlog that will result from implementation of the proposed fee.
- Impacts of potential exemptions or discounts.

**FORECASTED REDUCTION OF THE EXISTING BOND BACKLOG**

Although revenue generated by the proposed fee would be used exclusively for targeted maintenance of streets in good and fair condition, the investment also positively affects those streets requiring future reconstruction backlog (bond backlog). By preserving pavement conditions and slowing deterioration, the SMF will prevent approximately 72 lane miles per year from falling into the reconstruction backlog. For forecasting purposes, staff assumed current averages, bond and maintenance lane miles, and fee revenues would remain constant over time.

The graph below illustrates the projected bond reconstruction backlog, measured in lane miles, from 2028 through 2038. The results show that implementation of the proposed fee would prevent an additional 720 lane miles from being added to the bond backlog over a ten-year period. This reduction in the bond backlog would reduce the average wait time for bond eligible streets by approximately 34%.

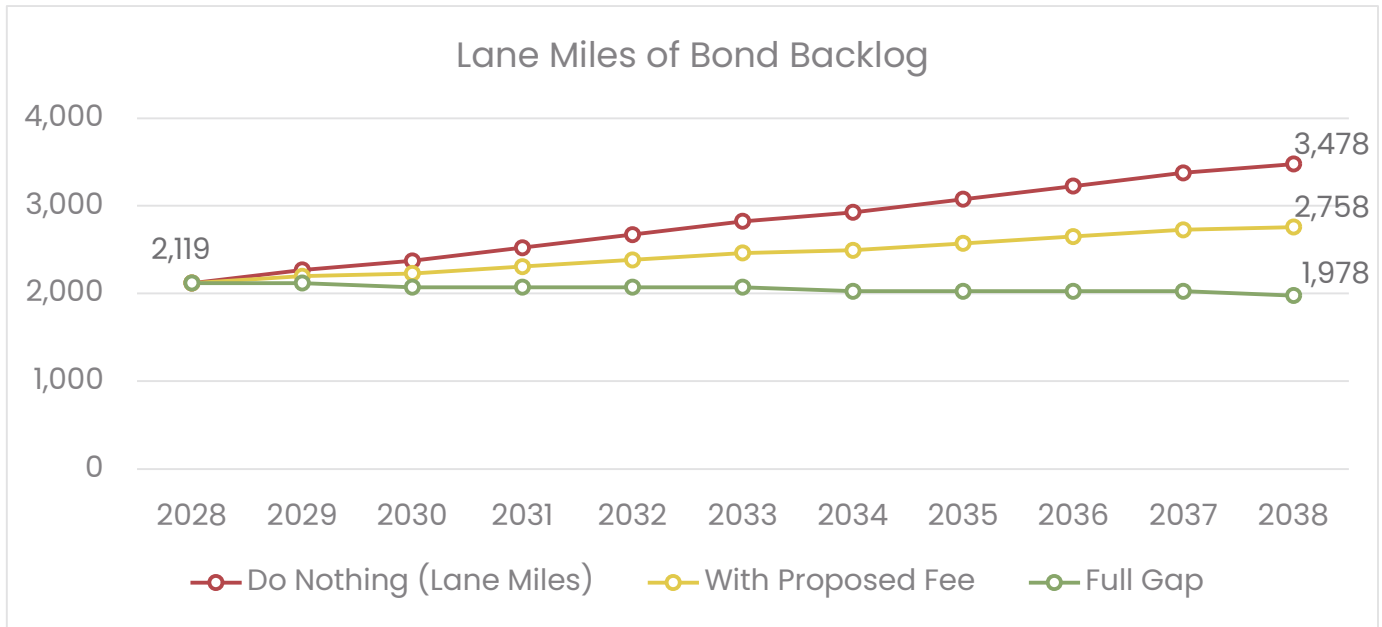
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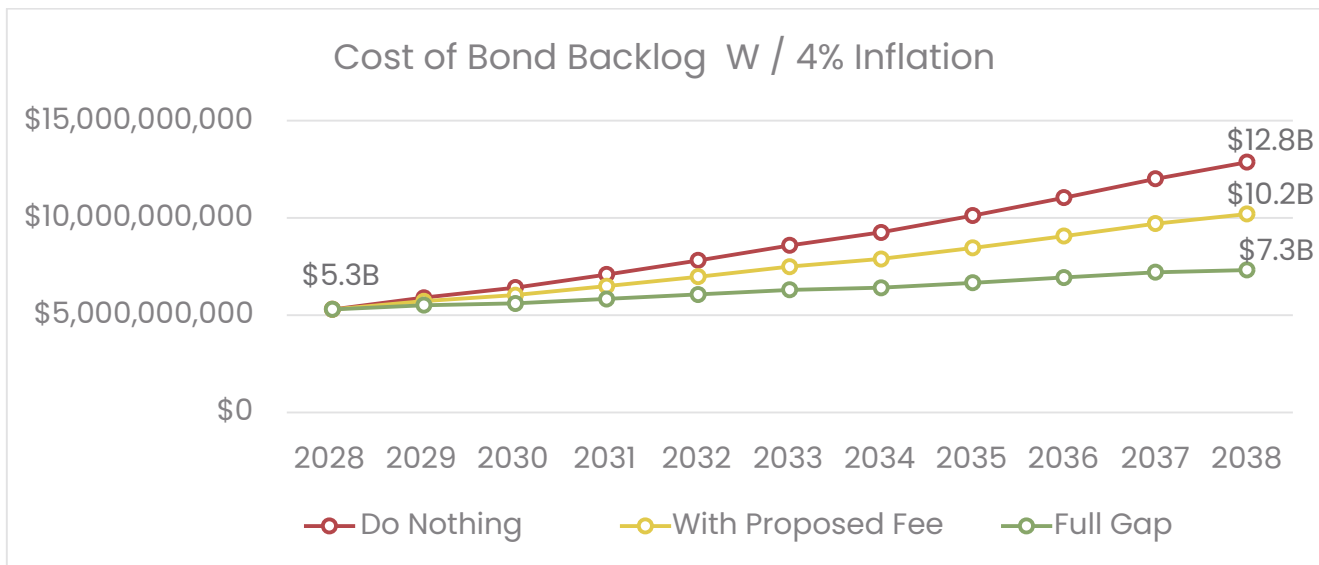
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The graph below illustrates the projected bond reconstruction backlog, measured in estimated reconstruction costs, from 2028 through 2038. Under the same assumptions, implementation of the proposed Street Maintenance Fee would prevent approximately \$2.6 billion in additional reconstruction needs, reducing projected bond funding requirements by approximately 20% over a ten-year period.



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**SUBJECT: STREET MAINTENANCE FEE FOLLOW-UP****IMPACTS OF POTENTIAL EXEMPTIONS OR DISCOUNTS**

The proposed Street Maintenance Fee is estimated to generate \$27.4 million annually which closes 40% of the current \$66 million annual funding gap needed to adequately address street maintenance needs. While this amount is not enough to fully fund the street maintenance need, it significantly expands the City's street maintenance program. Staff do not recommend adopting exemptions or discounts that would reduce the projected revenue available for street maintenance and, consequently, the amount of maintenance work that the City can deliver. Alternatively, if the amount of additional maintenance delivered is expected not to decrease and exemptions or discounts are offered, rates for non-exempt or non-discounted customers would need to increase to offset the reduced anticipated revenue. This effectively becomes a subsidy paid at a higher rate by some residents and businesses.

The proposed Street Maintenance Fee is structured as a user fee. To maintain the legal and policy basis of a user fee, a reasonable relationship must exist between those who use the transportation system and those who contribute to its maintenance. The proposed fee is based on an industry-standard transportation engineering methodology that is widely used in Texas to estimate roadway usage and traffic generation. Because all vehicular traffic contributes to pavement wear and deterioration, traffic generation provides a rational and defensible basis for distributing maintenance costs among property types.

Due to the need to maintain this relationship between user and payer, fee exemptions and discounts are typically based on reduced roadway usage, such as the staff recommended exemptions for undeveloped properties and for accounts with no vehicle usage. Staff do not recommend a non-usage-based blanket exemption, which could expose the City to legal challenges. The City does not have a blanket exemption for any of the current service fees. The City's discount and credit offerings on select service fees are fact-based and reviewed on a case-by-case basis. Those who may qualify for discounts or credits must meet certain criteria established in City Code.

**School District Consideration**

Multiple independent school districts and public charter schools maintain facilities within the Fort Worth city limits. The table below summarizes the estimated annual charges for each organization based on updated enrollment data. The total revenue from all independent school districts and charter schools is estimated to be approximately \$1.2 million each year which represents 3.6 lane miles of annual maintenance capacity, or roughly 18 lane miles over five years. If schools are exempted from the Street Maintenance Fee, the subsidized rates paid by all other rate payers would increase approximately 4.5% from the rates proposed on May 19, 2026.

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Because schools generate significant traffic that contributes to roadway wear, staff do not recommend exempting them from paying their share of street maintenance costs. The City could consider establishing an education discount, like the Stormwater Utility Fee. The Stormwater Utility Fee applies to all properties that contribute stormwater runoff, including public and charter school properties. However, the Stormwater program provides a 10% public education credit for schools that apply and commit to providing at least one hour of stormwater education per student on topics such as flood safety and environmental stewardship. If a similar education credit of 10% was offered to schools, the revenue reduction would be approximately \$120,000 per year, or a subsidy rate increase of 0.5% for other rate payers.

ALEDO ISD	\$12,187
BURLESON ISD	\$5,748
CASTLEBERRY ISD	\$5,328
CHARTER SCHOOLS (Includes: 8 Charter School Organizations)	\$55,060
CROWLEY ISD	\$89,601
EAGLE MT-SAGINAW ISD	\$123,309
EVERMAN ISD	\$12,675
FORT WORTH ISD	\$522,719
HURST-EULESS-BEDFORD ISD	\$16,269
KELLER ISD	\$174,817
LAKE WORTH ISD	\$13,391
NORTHWEST ISD	\$132,853
WHITE SETTLEMENT ISD	\$38,716
Total	\$1,202,673

#### Small Business Consideration

Given the absence of reliable data on the number and characteristics of small businesses in the city, staff cannot accurately determine the revenue generated by this group or the financial impact of a potential discount. Implementing such a discount would also create substantial administrative burden, requiring ongoing verification and manual updates that would significantly increase staffing needs. For these reasons, as well as the reasons stated above, staff do not recommend pursuing a small-business discount.

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The proposed fee is intended to respond to residents' concerns about street conditions by increasing the City's funding to perform preventative and routine maintenance activities. These maintenance investments are significantly more cost-effective than allowing pavement to deteriorate to the point of requiring full reconstruction.

Even with implementation of the proposed fee, the City's long-term street maintenance and reconstruction needs will continue to exceed available funding. As a result, the fee represents an important step toward addressing the funding gap, but not a complete solution. Policy decisions regarding exemptions and discounts should therefore be evaluated within the broader context of maximizing investment in street maintenance, preserving roadway conditions for as long as possible, and reducing future reconstruction costs for taxpayers.

For additional information, please contact Lauren Prieur, Transportation and Public Works Director, by e-mail at [lauren.prieur@fortworthtexas.gov](mailto:lauren.prieur@fortworthtexas.gov).

**Jesus "Jay" Chapa**  
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