

**TOWN OF ADDISON, TEXAS**

**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE OF THE TOWN OF ADDISON, TEXAS AMENDING THE CODE OF ORDINANCES, CHAPTER 2, TO PROVIDE AN ECONOMIC DEVELOPMENT LEVY OF \$0.023716 OF THE TAX RATE, TO CREATE AN ECONOMIC DEVELOPMENT FUND, TO PROVIDE THAT THE INFRASTRUCTURE INVESTMENT FUND WILL BE FUNDED BY \$0.006201 OF THE MAINTENANCE AND OPERATION PORTION OF THE TAX RATE, TO REVISE PROVISIONS RELATED TO CAPITAL EXPENDITURES, TO REVISE FUND BALANCE PROVISIONS, TO PROVIDE FOR THE WRITE-OFF OF UNCOLLECTIBLE DEBT, AMENDING CHAPTER 82 OF THE CODE OF ORDINANCES TO REVISE PROVISIONS REGARDING UNCOLLECTIBLE DEBT; PROVIDING FOR SAVINGS, SEVERABILITY AND AN EFFECTIVE DATE.**

**BE IT ORDAINED BY THE CITY COUNCIL OF THE TOWN OF ADDISON, TEXAS:**

Section 1. That Chapter 2 (Administration), Section 2-176 (Revenues), Subsection (b) of the Code of Ordinances, Addison, Texas is hereby amended to read in its entirety as follows:

Sec. 2-176 – Revenues.

(b) For every annual budget, the Town shall levy four property tax rates: debt service, operation/maintenance, infrastructure investment and economic development.

(1) Debt Service. The debt service levy shall be sufficient for meeting all principal and interest payments associated with the Town's outstanding general obligation debt for that budget year. The debt service levy and related debt service expenditures shall be accounted for in the Debt Service Fund.

(2) Operation and Maintenance. The operation and maintenance levy shall be accounted for in the General Fund. The operation and maintenance levy will be established within the eight percent rollback rate as defined by the State of Texas Property Tax Code. City Council will consider exceeding the rollback rate only after options have been presented by staff to avoid the rollback by increasing revenue from other sources or reducing expenditures.

(3) Infrastructure Investment. Each year, \$0.006201 of the operation and maintenance levy shall be designated to fund the Infrastructure Investment Fund. Funds held in the Infrastructure Investment Fund may be appropriated to support pay-as-you-go capital projects or significant non-routine capital expenditures of not less than \$500,000.00. The City Council may consider using these funds for projects or expenditures of a lesser amount on a case-by-case basis.

- (4) Economic Development. The economic development levy shall be \$0.023716. The economic development levy and expenditures shall be accounted for in the Economic Development Fund.

Section 2. That Chapter 2 (Administration), Section 2-177 (Operating Expenditures), Subsection (h) of the Code of Ordinances, Addison, Texas is hereby amended to read in its entirety as follows:

Sec. 2-177 – Operating expenditures.

(h) For capital expenditures needed as a part of continued operations:

(1) Capital equipment is defined as equipment that exceeds \$5,000.00 and has a useful life of at least three years. Existing capital equipment shall be replaced when needed to ensure the optimal productivity of Town employees. Existing capital equipment associated with General Fund operations will be depreciated by charges to the departments using the equipment. The depreciation charges will be sufficient for replacing the capital equipment at the end of its expected useful life. The depreciation charges and application of those funds will be accounted for in the Capital Replacement Fund.

(2) Capital improvement is defined as an enhancement that exceeds \$25,000.00 and has a useful life of at least ten years.

Section 3. That Chapter 2 (Administration), Section 2-178 (Fund Balance) of the Code of Ordinances, Addison, Texas is hereby amended to read in its entirety as follows:

Sec. 2-178 – Fund balance.

- (a) The annual budget shall be presented to City Council with each operating fund reflecting an ending fund balance which is no less than 25 percent of that fund's annual operating expenditures. To satisfy the particular needs of individual funds, ending fund balances may be established which exceed the 25 percent minimum. It is a goal of the City Council to maintain a General Fund ending fund balance of 30 percent.
- (b) The annual budget shall be presented to City Council with each special revenue fund (i.e., PEG, court technology, building security, child safety, justice administration and public safety) - not be less than 10 percent of that fund's annual revenues.
- (c) Fund balances that exceed the minimum level established for each fund may be appropriated for non-recurring capital projects or programs.
- (d) The Town will exercise diligence in avoiding the appropriation of fund balances for recurring operating expenditures. In the event fund balance is appropriated for recurring operating expenditures to meet the needs of the Addison community, the budget document shall include an explanation of the circumstances requiring the appropriation and the methods to be used to arrest the future use of fund balances for operating expenditures.

Section 4. That Chapter 2 (Administration) shall be amended to add Section 2-185 (Uncollectible Debt) that shall read in its entirety as follows:

Sec. 2-185 – Uncollectible debt.

No later than October 31<sup>st</sup> of each year, the CFO is authorized to write-off general receivables (e.g. court warrant fees, alarm permits fees, ambulance fees, false alarm fees, and solid waste fees) owed to the Town, which following a diligent and reasonable effort to collect these debts, the CFO reasonably determines to be uncollectible for the fiscal year ended the previous September 30<sup>th</sup>. The CFO may write-off these general debts for amounts totaling up to \$5,000.00. For write-offs involving amounts totaling between \$5,001.00 and \$25,000.00, the CFO shall obtain approval from the city manager. For write-offs exceeding \$25,000.00, the City Manager shall obtain approval from the City Council.

Section 5. That Chapter 82 (Utilities), Section 82-83.4 (Authority to Write Off Uncollectible Debt) of the Code of Ordinances, Addison, Texas, is hereby amended to read in its entirety as follows:

Section 82-83.4 – Authority to write off uncollectible debt.

No later than October 31<sup>st</sup> of each year the CFO is authorized to write-off those water and sewer debts owed to the Town which, following a diligent and reasonable effort to collect the debt, the CFO reasonably determines to be uncollectible for the fiscal year ended the September 30<sup>th</sup>. The CFO may write off these water and sewer debts for amounts totaling up to \$5,000.00. For write-offs involving amounts totaling between \$5,001.00 and \$25,000.00, the CFO shall obtain approval from the City Manager. For write-offs exceeding \$25,000.00, the City Manager shall obtain approval from the City Council.

Section 6. Savings; Repealer. This Ordinance shall be cumulative of all other ordinances of the City and shall not repeal any of the provisions of those ordinances except in those instances where the provisions of those Ordinances are in direct conflict with the provisions of this Ordinance. Provided, however, that the repeal of such ordinances or parts of such ordinances, and the amendments and changes made by this Ordinance, shall not affect any right, property or claim which was or is vested in the City, or any act done, or right accruing or accrued, or established, or any suit, action or proceeding had or commenced before the time when this Ordinance shall take effect; nor shall said repeals, amendments or changes affect any offense committed, or any penalty or forfeiture incurred, or any suit or prosecution pending at the time when this Ordinance shall take effect under any of the ordinances or sections thereof so repealed, amended or changed; and to that extent and for that purpose the provisions of such ordinances or parts of such ordinances shall be deemed to remain and continue in full force and effect.

Section 7. Severability. The sections, paragraphs, sentences, phrases, clauses and words of this Ordinance are severable, and if any section, paragraph, sentence, phrase, clause or word in this Ordinance or application thereof to any person or circumstance is held invalid or unconstitutional by a Court of competent jurisdiction, such holding shall not affect the validity of the remaining portions of this Ordinance, and the City Council hereby declares that it would have

passed such remaining portions of this Ordinance despite such invalidity, which remaining portions shall remain in full force and effect.

Section 8. Effective Date. This Ordinance shall become effective from and after its date of passage.

**PASSED AND APPROVED** by the City Council of the Town of Addison, Texas this the 14<sup>th</sup> day of February 2017.

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Todd Meier, Mayor

ATTEST:

By: \_\_\_\_\_  
Laura Bell, City Secretary

APPROVED AS TO FORM:

By: \_\_\_\_\_  
Brenda N. McDonald, City Attorney