

**DRAFT**

**OFFICIAL ACTIONS OF THE  
ADDISON CITY COUNCIL  
WORK SESSION**

**August 6, 2020**

**Addison TreeHouse  
14681 Midway Rd., Suite 200, Addison, TX 75001  
5:00 p.m. Special Meeting and Work Session**

The Addison City Council, using electronic medium, conducted its Special Budget Workshop Meeting on Wednesday, August 5, 2020. A temporary suspension of the Open Meetings Act to allow telephone or videoconference public meetings has been granted by Governor Greg Abbott. In order to advance the public health goal of limiting face-to-face meetings to slow the spread of the Coronavirus there was limited public access to members of the public; detailed instructions were provided, and the meeting was live streamed on Addison's website at [www.addisontexas.net](http://www.addisontexas.net).

Present: Mayor Joe Chow; Mayor Pro-Tempore Lori Ward; Deputy Mayor Pro-Tempore Guillermo Quintanilla; Council Member Tom Braun; Council Member Ivan Hughes; Council Member Paul Walden; Council Member Marlin Willesen

Call Meeting to Order: Mayor Chow called the meeting to order.

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**Present, Discuss, and Consider Action on the Proposed Annual Budget for the Town of Addison for Fiscal Year 2021 (Beginning October 1, 2020 and Ending September 30, 2021), including but not limited to the General Fund, Utility Fund, Stormwater Fund, Airport Fund, Hotel Fund, Economic Development Fund, Information Technology Fund, Capital Replacement Fund, Infrastructure Investment Fund, and Long-Term Planning.**

As requested by the City Council as follow-up from the Thursday, August 5, 2020 meeting the following items were discussed.

CFO Steven Glickman presented a schedule for public hearings and adoption of the proposed budget. Dallas Central Appraisal District has not provided the certified tax roles at this time; the scheduled is based on the certified estimate. The schedule follows Senate Bill 2.

City Manager Pierson introduced discussion on the proposal to add Full-Time Equivalent employees to the Streets Department. Council Member Hughes inquired if the proposed employees

could be contract employees. Mr. Pierson explained the limitations on contract employees (they are not authorized to operate city vehicles and equipment) and expressed concern that they would not be as invested in the City as would a Town employee. At the request of Councilmembers, Parks & Recreation Director Janna Tidwell detailed her department’s experience with contract employees versus full-time Town employees.

Human Resources Director Passion Hayes presented the Town’s compensation policy and an overview of compensation actions taken over the last few budget cycles. An explanation of human resources terminology was also discussed. The FY2018 Compensation and Classification Study was implemented in two phases, in 2018 and 2019, with the result of having our employees paid 1% better than the average of comparable cities for each position. A Market Study was scheduled for 2020 but was postponed due to the COVID-19 situation. The Town’s strategy has been to conduct the studies on alternate years.

City Manager Pierson responded to the questions from the City Council as noted below.

Property Tax Rate Projections

	No-New Revenue Tax Rate	Proposed Tax Rate	Voter Approval Tax Rate	0.005 Above Voter Approval Rate	0.02 Above Voter Approval Rate
Property Tax Rate	\$0.601684/100	\$0.610367/100	\$0.636414/100	\$0.641414/100	\$0.646414/100
Difference		\$0.00863/100		\$0.005000/100	\$0.010000/100
Estimated Certified Value	\$4.86B	\$4.86B	\$4.86B	\$4.86B	\$4.86B
Tax Levy	\$29,263,398	\$29,685,671	\$30,952,489	\$31,195,668	\$31,438,847
96.5% Collection Rate	\$28,239,179	\$28,646,672	\$29,869,152	\$30,103,819	\$30,338,487
Difference	(\$407,493)	-	\$1,222,480	\$234,667	\$234,668

General Fund Balance reduction by increments of 5%

Revenue Amount	Fund Balance Percentage	Ending Fund Balance
\$-	45.9%	\$17.7M
\$338,023	45%	\$17.4M
\$2,271,241	40%	\$15.7M
\$4,204,459	35%	\$13.7M
\$6,137,677	30%	\$11.7M
\$8,070,395	25%	\$9.7M

The high fund balance contributes to our high financial rating. Other rating factors include sales tax and other income sources. The Town’s outlook is Stable which equates to a better credit rating and lower interest rate for certificates of obligations.

Council discussed the topics presented at the meeting. It was the of the Council to fund a 2% merit pool to fund compensation increases in FY2021. Staff explained that annual compensation

increases are normally effective on October 1; however, a market study will be completed first to determine where the Town stands in relation to the current compensation market. Accordingly, merit increases will be delayed until the results of the market study are received and presented to Council. Staff will present recommendations to Council on how to implement the results of the market study. Council discussed considering using fund balance for one-time compensation purposes should the findings of the market study indicate additional funding is necessary. The compensation discussion led to a discussion regarding the proposed tax rate. The consensus of the City Council was to increase the proposed tax rate to \$0.616878 to fund the 2% merit pool.

Council requested that Staff please provide a summary of FY 2021 tax rates and compensation pools for our comparable cities.

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### **Adjourn Meeting**

There being no further business to come before the Council, Mayor Chow adjourned the meeting.

**TOWN OF ADDISON, TEXAS**

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Joe Chow, Mayor

**ATTEST:**

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Irma G. Parker, City Secretary