



**SPECIAL MEETING
OF THE CITY COUNCIL**

September 1, 2020

ADDISON TREEHOUSE

14681 MIDWAY ROAD, SUITE 200, ADDISON, TX 75001

5:00 PM SPECIAL MEETING

Notice is hereby given that the Addison City Council, will conduct its SPECIAL MEETING on Tuesday September 1, 2020 at the Addison TreeHouse with a quorum of the City Council physically present. Limited seating for members of the public will be available using CDC recommended social distancing measures. The Town will utilize telephone or videoconference public meetings to facilitate public participation to mitigate the spread of COVID-19 by avoiding meetings that bring people into a group setting. Telephonic or videoconferencing capabilities will be utilized to allow individuals to address the Council. Email comments may also be submitted to: iparker@addisontx.gov by 3:00 pm the day of the meeting. Members of the public are entitled to participate remotely via Toll-Free Dial-in Number: 877.853.5247; Meeting ID: 409.327.0683 Participant ID: #. For more detailed instructions on how to participate in this meeting visit our Agenda Page. The meeting will be live streamed on Addison's website at www.addisontexas.net.

Call Meeting to Order

Pledge of Allegiance

SPECIAL MEETING

**Announcements and Acknowledgment Regarding Town and Council Events
and Activities**

Discussion of Meetings / Events

Public Comment

The City Council invites citizens to address the City Council on any matter, including items on the agenda, except public hearings that are included on the agenda. Comments related to public hearings will be heard when the specific hearing starts. Citizen comments are limited to three (3) minutes, unless otherwise required by law. To address the Council, please fill out a City Council Appearance Card and submit it to a staff member prior to the Public Comment item on the agenda. The Council is not permitted to take any action or discuss any item not listed on the agenda. The Council may choose to place the item on a future agenda.

Special Items

1. Hold a Public Hearing, Present, and Discuss the **Town of Addison's Proposed Property Tax Rate for the Fiscal Year Commencing October 1, 2020 and Ending September 30, 2021.**
2. Hold a Public Hearing, Present, and Discuss the **Town of Addison's Annual Budget for the Fiscal Year Commencing October 1, 2020 and Ending September 30, 2021.**

Adjourn Meeting

NOTE: The City Council reserves the right to meet in Executive Session closed to the public at any time in the course of this meeting to discuss matters listed on the agenda, as authorized by the Texas Open Meetings Act, Texas Government Code, Chapter 551, including §551.071 (private consultation with the attorney for the City); §551.072 (purchase, exchange, lease or value of real property); §551.074 (personnel or to hear complaints against personnel); §551.076 (deployment, or specific occasions for implementation of security personnel or devices); and §551.087 (economic development negotiations). Any decision held on such matters will be taken or conducted in Open Session following the conclusion of the Executive Session.

THE TOWN OF ADDISON IS ACCESSIBLE TO PERSONS WITH DISABILITIES. PLEASE CALL (972) 450-7090 AT LEAST 48 HOURS IN ADVANCE IF YOU NEED ASSISTANCE.

POSTED BY: _____
Irma G. Parker, City Secretary

DATE POSTED: _____

TIME POSTED: _____

DATE REMOVED FROM BULLETIN BOARD: _____

REMOVED BY: _____

Council Meeting - FY 2021 Budget

1.

Meeting Date: 09/01/2020

Department: Finance

Pillars: Gold Standard for Financial Health

Milestones: Continue development and implementation of Long Term Financial Plan

AGENDA CAPTION:

Hold a Public Hearing, Present, and Discuss the **Town of Addison's Proposed Property Tax Rate for the Fiscal Year Commencing October 1, 2020 and Ending September 30, 2021.**

BACKGROUND:

This is the first of two public hearings regarding the proposed tax rate for the Town of Addison. The second public hearing will be held on September 8, 2020, at a meeting that commences at 7:30 pm at the Addison Treehouse.

The proposed property tax rate for the Fiscal Year (FY) 2021 is \$0.616878 per \$100 of valuation. The proposed rate is made of the following components:

Tax Rate Component	Amount (per \$100 of valuation)
Maintenance & Operations: General Fund	\$0.419394
Maintenance & Operations: Economic Development	\$0.023716
Maintenance & Operations: Infrastructure Investment	\$0.006201
Interest & Sinking (Debt)	\$0.167567
Total Proposed Rate for the FY 2021	\$0.616878

The State's Truth-in-Taxation law also requires calculation and publication of each taxing entity's no-new revenue tax rate, voter-approval tax rate, and de minimus rate:

Tax Rate	Definition	Amount (per \$100 of valuation)
No-New Revenue Tax Rate	The no-new-revenue tax rate is the tax rate for the 2020 tax year that will raise the same amount of property tax revenue for Town of Addison from the same properties in both the 2019 tax year and the 2020 tax year.	\$0.637851
Voter-Approval Tax Rate	The voter-approval tax rate is the highest tax rate that Town of Addison may adopt without holding an election to seek voter approval of the rate, unless the de minimis rate for Town of Addison exceeds the voter-approval tax rate for Town of Addison.	\$0.701933

De Minimis Rate	The de minimis rate is the rate equal to the sum of the no-new-revenue maintenance and operations rate for Town of Addison, the rate that will raise \$500,000, and the current debt rate for Town of Addison.	\$0.675536
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Notice of this public hearing was published in the Dallas Morning News on August 21, 2020. Included with this agenda item is a copy of the publication notice.

The proposed budget recommends a property tax rate of \$0.616878 per \$100 valuation, which does not exceed the no-new revenue tax rate. This proposed rate is higher than last year's adopted rate of \$0.583500 per \$100 of valuation.

The average taxable home value for the Town of Addison is \$335,597, which generates a tax bill of \$2,070. Last year, the average taxable home value was \$329,891 which generated a tax bill of \$1,925. The average tax payer would pay about \$145 more in property taxes than last year. Individual taxes may increase or decrease depending on the change in the taxable value of your property.

The City Council is scheduled to consider adoption of the proposed tax rate and budget on September 8, 2020, during a meeting of the Council to be held at the Addison Treehouse at 7:30 pm.

RECOMMENDATION:

Information only, no action required.

Attachments

Notice of Public Hearing Advertisement
Public Hearing - Tax Rate Presentation

**Notice of Public Hearings on Fiscal Year 2021
Budget and Tax Rate**

The Town of Addison will hold two public hearings on the Town's annual budget and tax rate for the fiscal year beginning October 1, 2020 and ending September 30, 2021. The public hearings will be conducted at a special meeting of the City Council at 5:00 pm on Tuesday, September 1, 2020 and at a regular meeting of the City Council at 7:30 pm on Tuesday, September 8, 2020. Both meetings will be held at The Addison Treehouse located at 14681 Midway Road, Suite 200, Addison, TX 75001. This budget will raise more total property taxes than last year's budget by \$1,812,478, or 6.7 percent, and of that amount \$722,182 is tax revenue to be raised from new property added to the tax roll this year.

The Town of Addison is accessible to person with disabilities. Please call 972-450-2819 at least 48 hours in advance of the meeting if you need assistance. The budget document is on file with the City Secretary and is available for public inspection.



**1st Public Hearing
Tax Rate
FY2021**

Property Tax Rate Approval Process

Key Dates	Council Action
Monday, July 27 th	Receipt of Certified Estimate from DCAD.
Thursday, Aug. 20 th	Receipt of Certified Values from DCAD.
Thursday, Aug. 27 th	Publication of Notice of Proposed Tax Rate.
Tuesday, Sept. 1 st	First public hearing on budget and tax rate.
Tuesday, Sept. 8 th	Second public hearing on budget and tax rate.
Tuesday, Sept. 8 th	Adoption of FY2021 Budget and Tax Rate.
Thursday, Oct. 1 st	Begin Fiscal Year.



Property Tax Values and Tax Rate

Certified Assessed Value FY2021 ~\$4.93B

Current Certified Assessed Value FY2020 ~\$4.82B

Current Property Tax Rate FY2020 \$.583500/100

Proposed Property Tax Rate FY2021 \$.616878/100



Certified Value Changes

Certified Assessed Value FY2021	\$4,925,943,024
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Proposed Assessed Value FY2021	\$4,863,579,930
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Change in Value Proposed to Certified	\$62,363,094
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% Change in Value Proposed to Certified	1.28%
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Certified Values Potential Effect on the Proposed Tax Rate

	Proposed Tax Rate	Tax Rate - Certified Values	Difference
Maintenance and Operations	0.449311	0.443485	0.005826
Interest and Sinking	0.167567	0.165446	0.002121
Total Tax Rate	0.616878	0.608931	0.007947



Property Tax Rates

	FY2019	FY2020	FY2021
No-New-Revenue (Effective)	\$0.527064/100	\$0.552371/100	\$0.593260/100
Voter-approval (Rollback)	\$0.553323/100	\$0.591133/100	\$0.627315/100
Proposed	\$0.550000/100	\$0.583500/100	\$0.616878/100

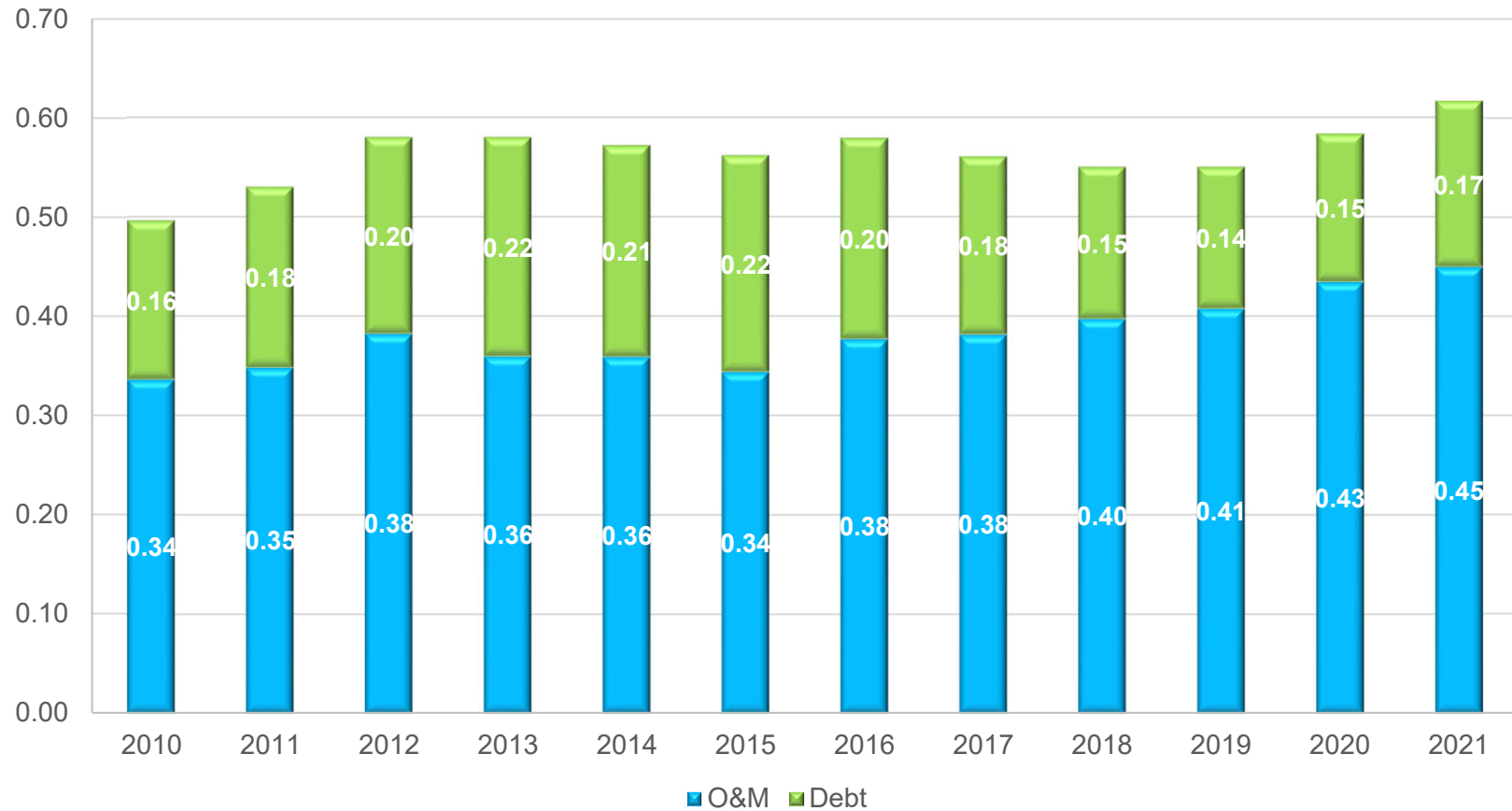


Property Tax Revenues

	FY2019 Actual	FY2020 Budget	FY2020 Proposed	% Change FY19 to FY20
General Fund (O&M)	\$17,296,733	\$18,781,674	\$19,936,048	6.1%
Economic Development Fund (O&M)	1,090,118	1,103,081	1,127,348	2.2%
Infrastructure Investment Fund (O&M)	285,032	288,421	294,767	2.2%
Debt Service Fund (I&S)	6,606,889	6,966,638	7,965,369	14.3%
Total Tax Revenue	\$25,278,773	\$27,139,814	\$29,323,532	8.0%



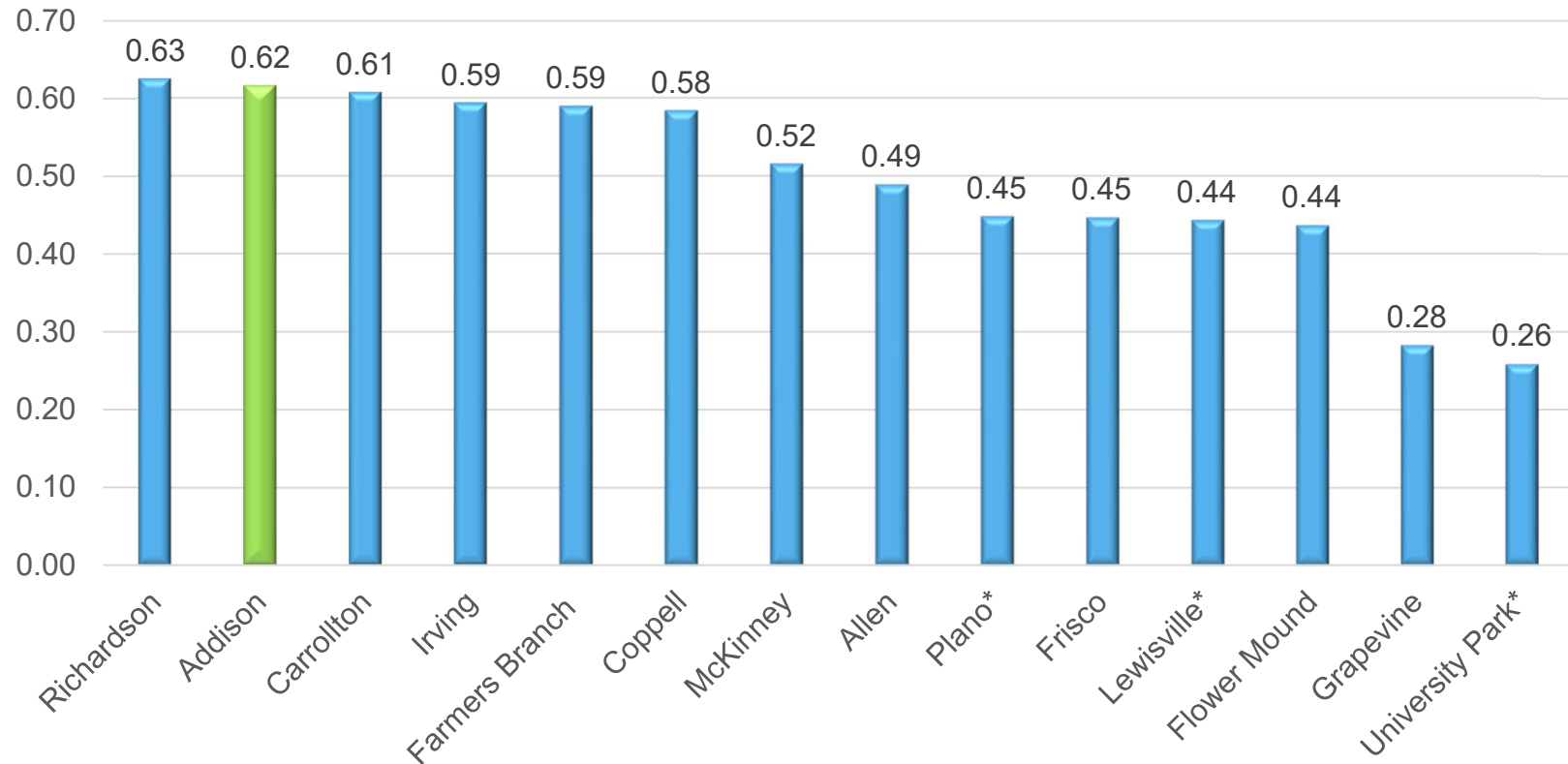
Property Tax Rates



* Rates are rounded to the nearest penny.



FY2021 Tax Rates - Comparison Cities

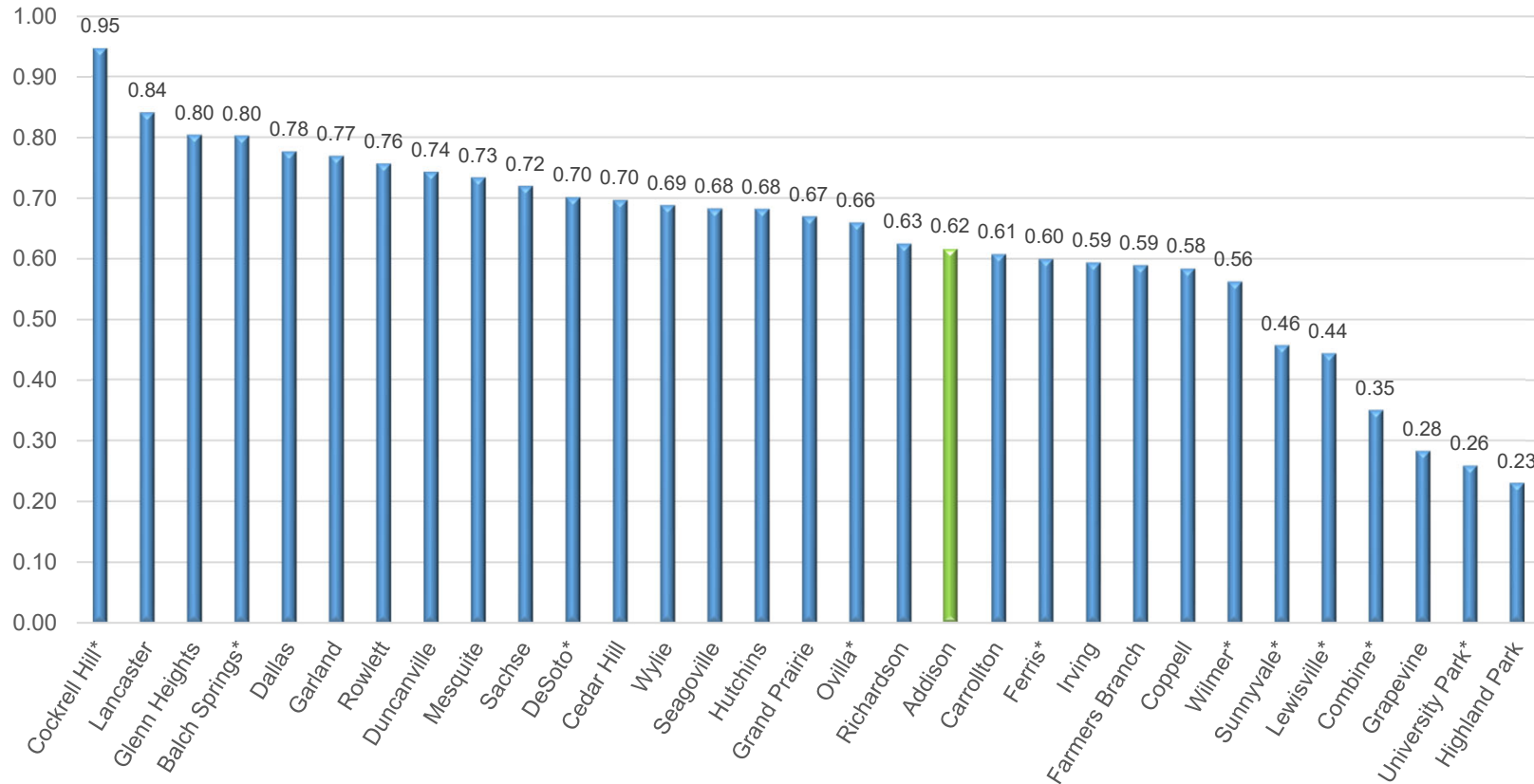


*FY2021 Tax rates unavailable;
FY2020 Tax rate presented.



Median: 0.502300
Mean: 0.495590

FY2021 Tax Rates – Dallas County



*FY2021 Tax rates unavailable;
FY2020 Tax rate presented.



Median: 0.669998
Mean: 0.628406

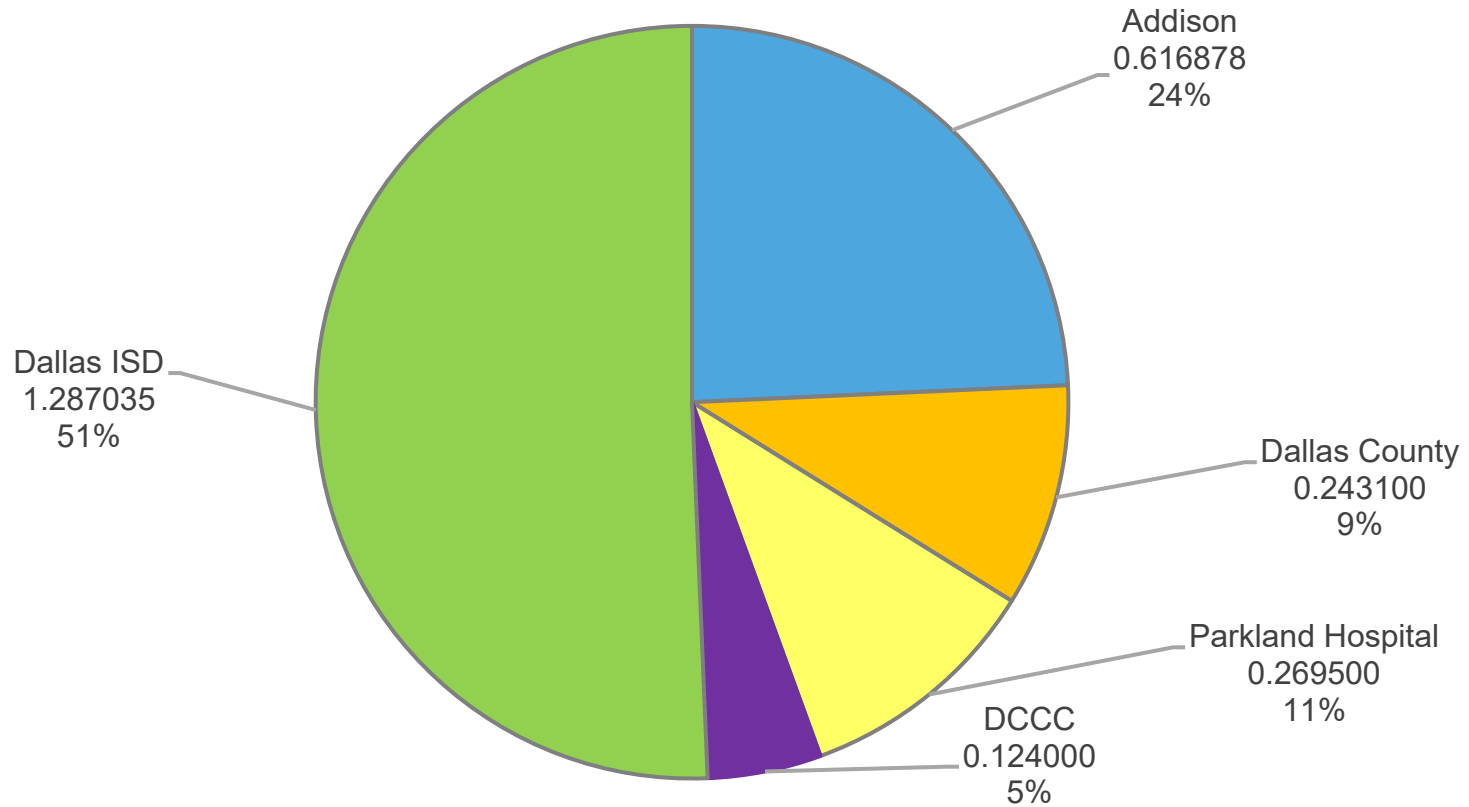
Impact on Average Homeowner

	FY2020	FY2021
Average Home Value	\$430,632	\$432,871
Tax Rate	0.583500	0.616878
Average Taxable Value	\$329,891	\$335,597
Annual Tax Bill	\$1,925	\$2,070

Based on the average taxable home value of \$335,597, the average residential taxpayer would pay \$145 (≈\$12.08 per month) more than last year.



FY2021 Property Tax Rates Combined



*Note: All other entities tax rates are the current year tax rate or proposed tax rates



Combined Tax Rate
\$2.540513

Council Meeting - FY 2021 Budget

2.

Meeting Date: 09/01/2020

Department: Finance

Pillars: Gold Standard for Financial Health

Milestones: Continue development and implementation of Long Term Financial Plan

AGENDA CAPTION:

Hold a Public Hearing, Present, and Discuss the **Town of Addison's Annual Budget for the Fiscal Year Commencing October 1, 2020 and Ending September 30, 2021.**

BACKGROUND:

This is the first public hearing regarding the Town of Addison’s Annual Budget for Fiscal Year (FY) 2021. The proposed FY 2021 operating budget requests an appropriation of \$84,880,775. Listed below is a breakdown of funds:

Fund	Expenditure Amount
General	\$39,545,546
Hotel	5,842,614
Debt Service Combined	7,648,653
Economic Development	2,021,615
Airport	7,162,936
Utility	14,418,735
Stormwater	3,598,743
Combined Replacement	3,049,275
Combined Grants	13,700
Combined Special Revenues	1,578,959
Total	\$84,880,775

Significant items included in the proposed operating budget include:

- Revenues for all funds total approximately \$78.9 million, a reduction of \$4.6M compared to FY 2020. Primary revenues sources are property tax (\$29.2 million), sales tax (\$12.3 million), hotel occupancy tax (\$4.2 million) and utility service fees (\$13.9 million).
- Staffing level of 299.8 Full-time Equivalent (FTE) positions. This is an increase of 9.0 FTE’s over FY 2020.
- Employee compensation allocation of approximately \$512 thousand in all funds for

merit increases plus benefits. This provides a pool equivalent to a 2 percent merit increase.

- Significant decision packages include:
 - Celestial Park Improvements (\$103 thousand),
 - Irrigation Management System Upgrade (\$75 thousand),
 - Risk and Resilience Assessment and Emergency Response Plan (\$100 thousand),
 - Facilities Maintenance Funds (\$180 thousand),
 - Public Safety Facility Maintenance Funds (\$85 thousand),
 - Water Quality Supervisor (\$85 thousand),
 - Design and Construction Details Standards Upgrade (\$200 thousand),
 - Addison Circle Transit Oriented Development Funds (\$318 thousand),
 - Special Area Study Funds (\$140 thousand),
 - Funds for Enhanced Street Maintenance (\$292 thousand).

The FY 2021 proposed five-year capital improvements budget totals \$37.2 million. Significant projects include:

- Midway Road Reconstruction (\$10.4 million),
- Vitruvian Development Next Phase (\$3.9 million),
- HVAC Replacements (\$1.1 million).
- Roof Replacements (\$2.9 million),
- Keller Springs Reconstruction (\$4.0 million),
- License Plate Recognition System Expansion (\$1.4 million),
- Completion of Airport Customs Facility Construction (\$2.6 million),
- Celestial Ground Storage Tank Rehabilitation (\$1.7 million),
- Chlorine Booster Station (\$1.0 million),
- Water System Improvements (\$1.4 million),
- Stormwater Assessment Basin Improvements (\$2.8 million).

Texas Local Government Code (LGC) Sec. 102.006 requires the governing body of a municipality to hold a public hearing on the proposed budget and provide for public notice of the date, time, and location of the hearing. This notice was published in the Dallas Morning News on Friday, August 21, 2020.

A second public hearing will be held before the budget is considered for adoption on September 8, 2020 at 7:30 pm at the Addison Treehouse located at 14681 Midway Road, Addison, Texas 75001.

The proposed budget can be found at the following link: <https://addisontexas.net/finance/budget>

RECOMMENDATION:

Information only, no action required.

Attachments

Notice of Public Hearing Advertisement

Public Hearing - Budget Presentation

**Notice of Public Hearings on Fiscal Year 2021
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Budget Public Hearing FY2021

Health Insurance Update

General Fund	Increase Budgeted	Actual Increase	Difference
Dollar Amount	\$112,970	-	\$112,970
% Increase	5.0%	0.0%	5.0%

- Decision Points:
 - Leave budget as proposed
 - Reallocate savings to increase merit pool 0.5%
 - Reduce budget by \$112,970 and reduce tax rate by 0.002376

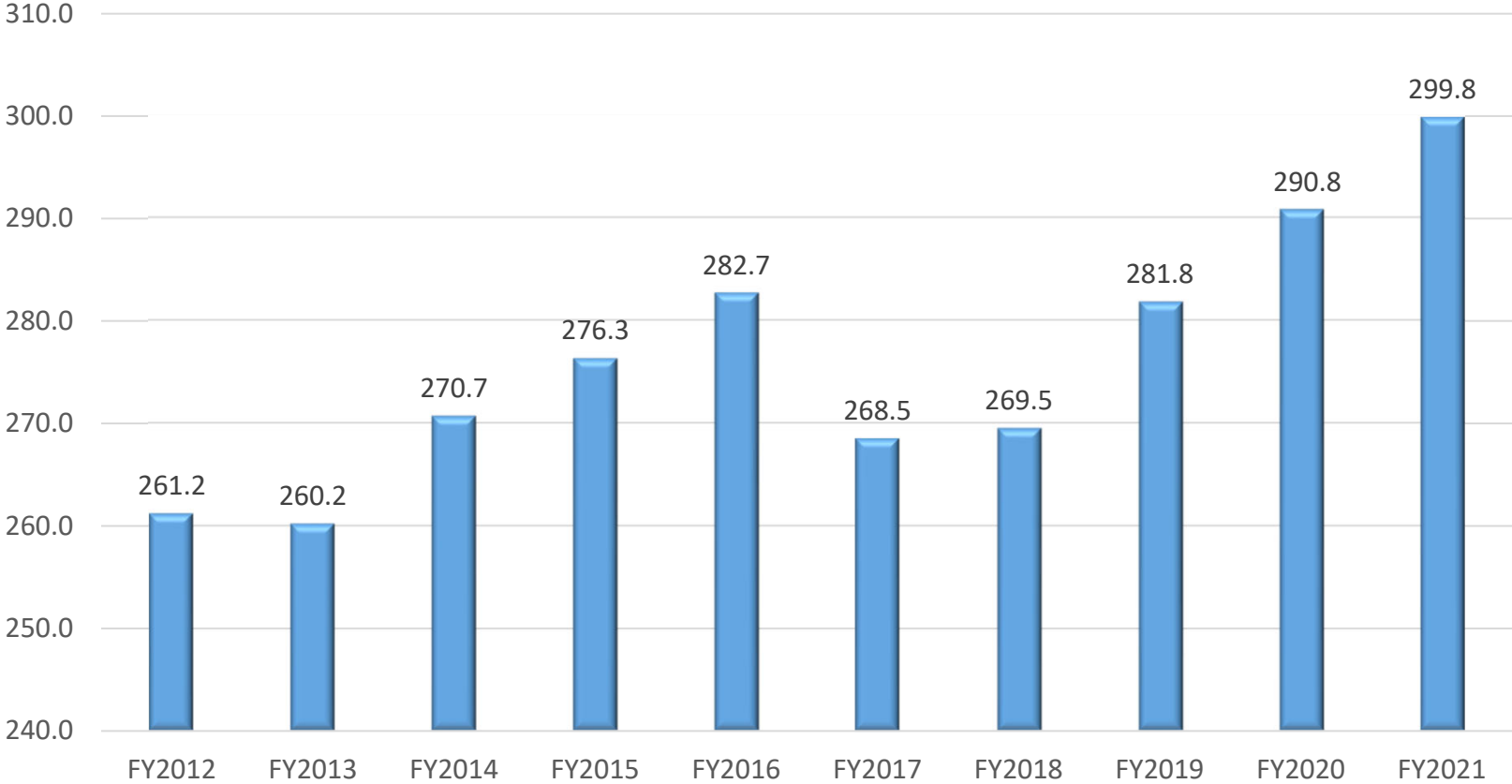


Staffing Summary

	2017	2018	2019	2020	2021
General Fund	223.2	224.2	231.2	235.2	232.8
Hotel Fund	16.7	16.7	17.0	17.0	9.0
Eco. Devo. Fund	4.0	4.0	4.0	4.0	4.0
Airport Fund	3.4	3.4	4.4	4.4	19.6
Utility Fund	19.2	19.2	22.2	25.2	27.4
Stormwater Fund	2.0	2.0	4.0	4.0	4.0
Cap. Proj. Fund	-	-	-	1.0	3.0
TOTAL	268.5	269.5	281.8	290.8	299.8



All Funds Staffing History

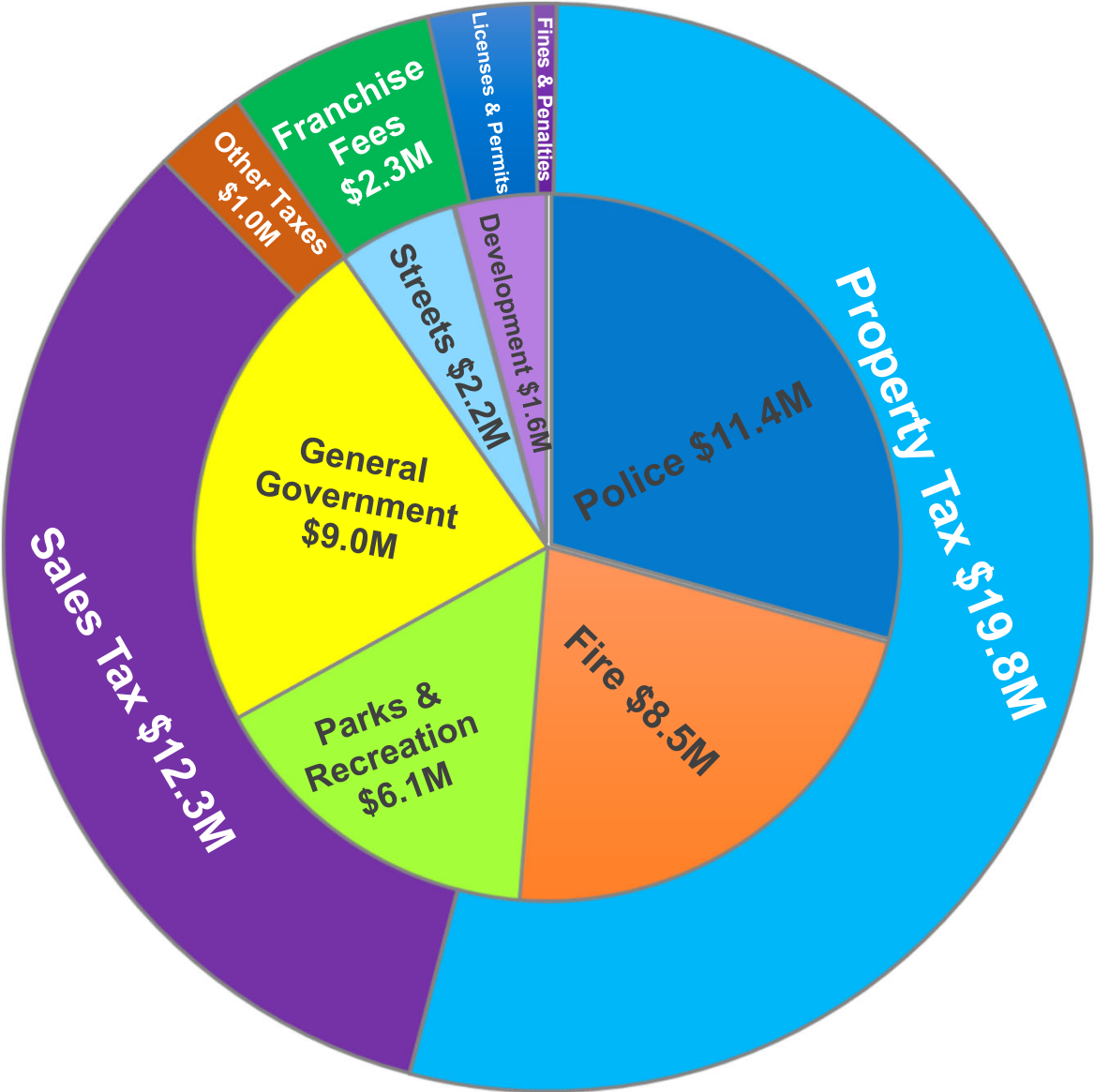


Departmental Staffing Summary

	PERSONNEL SUMMARY									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
GENERAL FUND										
City Secretary	0.0	0.0	0.0	0.0	0.0	1.0	1.0	1.0	1.0	1.0
City Manager	7.5	6.0	7.0	8.0	7.5	5.5	5.5	6.5	6.5	5.9
Finance	8.0	8.0	7.5	9.7	13.0	13.0	13.0	13.0	13.0	11.8
General Services	8.0	5.0	5.0	5.0	5.0	4.8	4.8	5.5	5.5	5.5
Municipal Court	5.4	5.4	5.7	5.7	5.8	5.8	5.8	5.0	5.0	5.0
Human Resources	5.2	4.2	4.2	3.5	4.0	4.0	4.0	4.0	4.0	3.4
Information Technology	6.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Police	73.8	73.8	75.3	79.8	79.8	71.0	71.0	72.0	74.0	74.0
Emergency Communications	13.5	13.5	13.5	13.5	14.5	0.0	0.0	0.0	0.0	0.0
Fire	52.0	52.0	55.3	55.3	55.3	56.0	57.0	57.0	58.0	58.0
Development Services	7.2	7.2	7.2	7.2	7.2	11.0	11.0	12.1	13.1	13.1
Streets	5.0	5.0	5.0	5.4	5.4	6.4	6.4	7.4	7.4	7.4
Parks	20.0	21.0	21.0	21.0	22.0	22.0	22.0	25.0	25.0	25.0
Recreation	14.6	14.6	14.6	15.1	15.1	15.7	15.7	15.7	15.7	15.7
GENERAL FUND TOTAL	226.2	222.7	228.3	236.2	241.6	223.2	224.2	231.2	235.1	232.8
HOTEL FUND	15.0	14.5	16.7	14.8	14.8	16.7	16.7	17.0	17.0	9.0
ECONOMIC DEVELOPMENT FUND	1.0	2.0	3.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
AIRPORT FUND	3.0	3.0	3.0	3.0	3.0	3.4	3.4	3.4	4.4	19.6
UTILITY FUND	16.0	18.0	18.3	16.6	17.6	19.2	19.2	22.2	25.2	27.4
STORMWATER FUND	0.0	0.0	1.4	1.7	1.7	2.0	2.0	4.0	4.0	4.0
CAPITAL PROJECTS FUND	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	3.0
TOTAL ALL FUNDS	261.2	260.2	270.7	276.3	282.7	268.5	269.5	281.8	290.8	299.8
CHANGE	(0.3)	(1.0)	10.5	5.6	6.4	(14.2)	1.0	12.3	9.0	9.0

*Positions are shown as full-time equivalents (FTEs).

General Fund Overview



General Fund Overview

(excluding transfers)

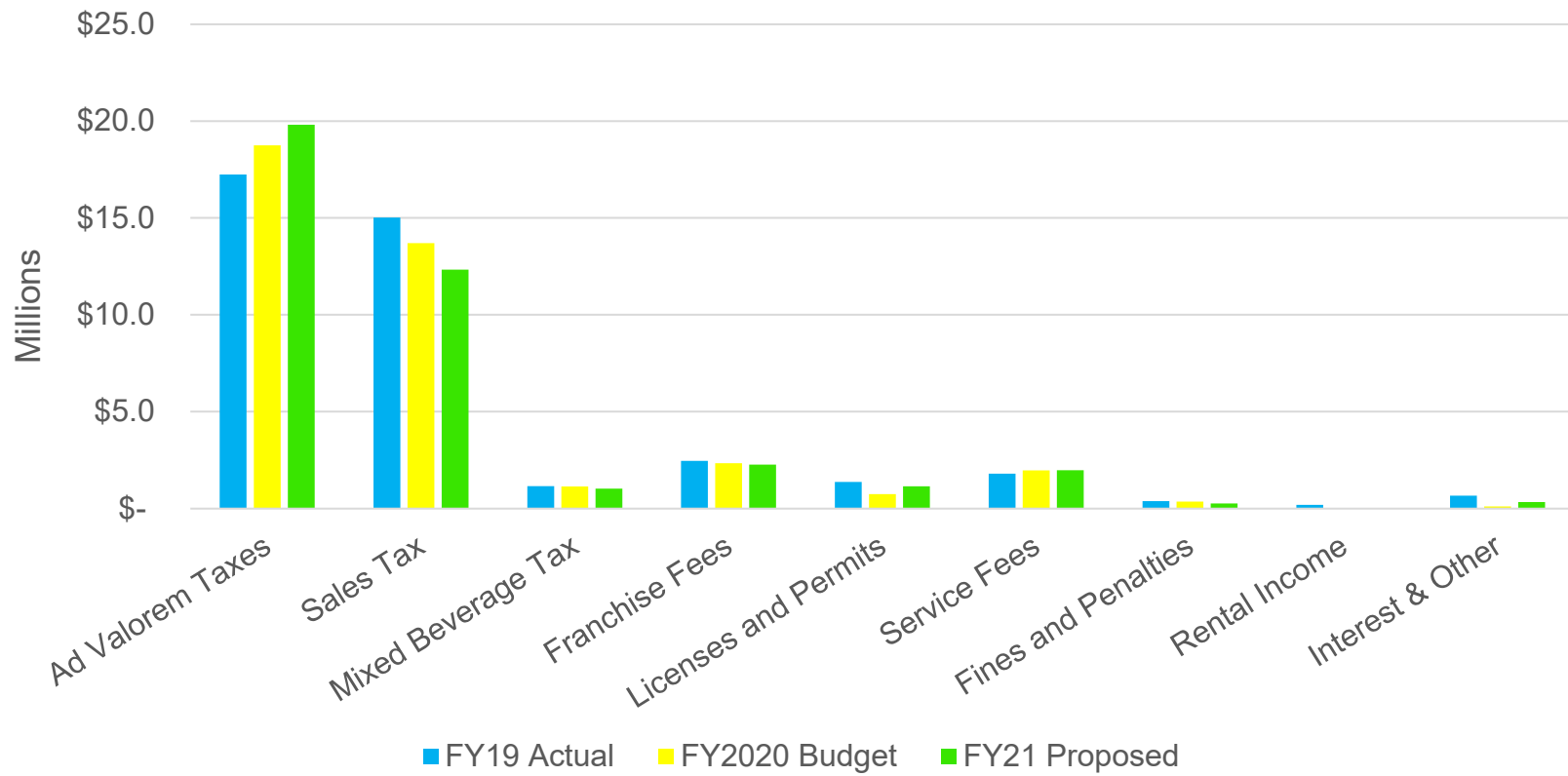
	FY2020 Budget	FY2021 Prop.	Difference
Total Revenue	\$39.1M	39.1M	-
Total Expense	\$39.1M	38.8M	(\$0.3)M
Revenue to Expense	-	\$0.3M	\$0.3M

- Ad valorem taxes = \$19.8M
 - Increase of \$1.0M
- Sales tax = \$12.3M
 - Decrease of \$1.4M

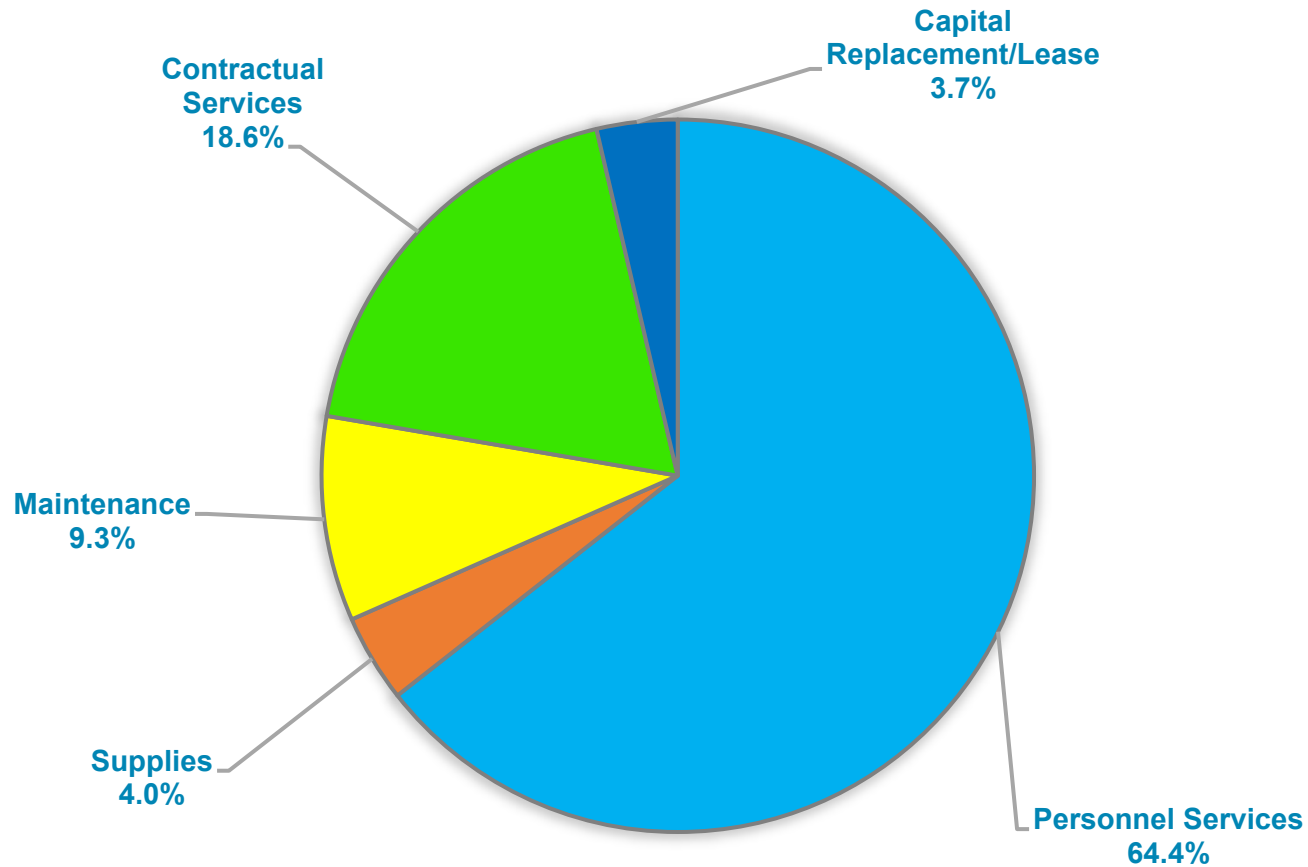


General Fund Revenues

\$39.1M



General Fund Proposed Expenses \$38.8M



Self-Funded Project Fund Overview

	FY2020 Budget	FY2021 Prop.	Difference
Total Revenue	\$4.0M	\$0.7M	(\$3.3)M
Total Expense	\$4.5M	\$1.2M	(\$3.3)M
Revenue to Expense	(\$0.5)M	(\$0.5)M	-

- Funding Source
 - General Fund Transfer = \$0.7M
- Expenses
 - Special Area Study = \$0.1M
 - Addison Circle TOD = \$0.3M
 - Celestial Park Improvements = \$0.1M
 - Enhanced Street Maintenance - \$0.3M



FY2021 Self-Funded Projects

Project	Funding
Neighborhood Security – East Addison	\$27,500
Smoke Detector Battery Replacement Program	\$3,000
Ballistic Gear	\$30,000
Addison Circle TOD	\$318,000
Celestial Park Improvements	\$102,500
TOTAL	\$481,000



FY2020 Self-Funded Projects (Rolling Forward)

Project	Funding
Special Area Study	\$140,000
Enhanced Street Maintenance	\$292,000
TOTAL	\$432,000



Hotel Fund Overview

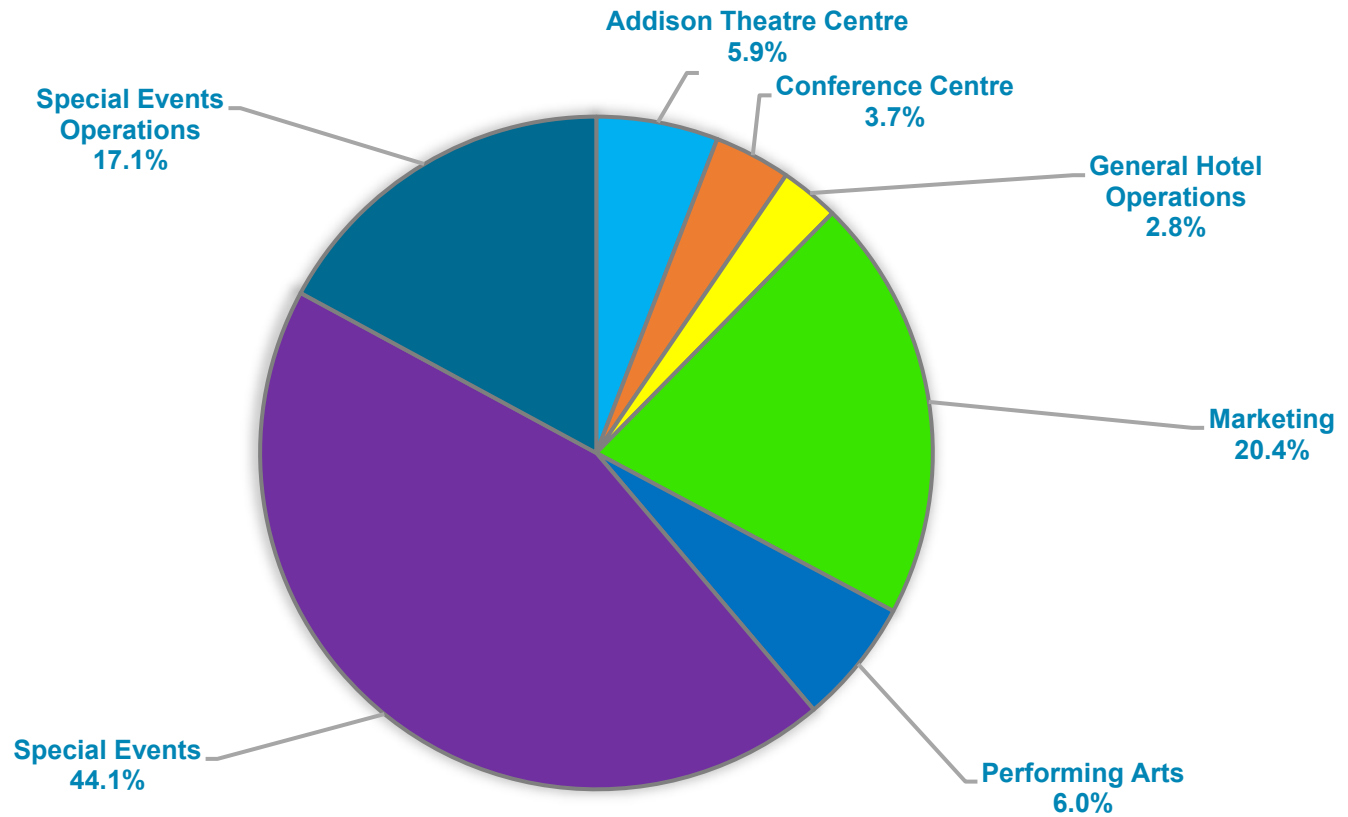
(excluding transfers)

	FY2020 Budget	FY2021 Prop.	Difference
Total Revenue	\$7.6M	\$5.3M	(\$2.3)M
Total Expense	\$7.2M	\$5.5M	(\$1.7)M
Revenue to Expense	\$0.4M	(\$0.2)M	(\$0.6)M

- Hotel Taxes = \$4.2M
- Special Events Revenues = \$1.1M



Hotel Fund Proposed Expenses \$5.5M (By function)



Economic Development Fund

	FY2020 Budget	FY2021 Prop.	Difference
Total Revenue	\$1.9M	\$1.6M	(\$0.3)M
Total Expense	\$1.9M	\$2.0M	\$0.1M
Revenue to Expense	-	(\$0.4)M	(\$0.4)M

- Funding Sources
 - Ad Valorem = \$1.1M
 - Hotel Fund Transfer = \$0.4M
- Expenses
 - Incentives = \$0.1M
 - Operations = \$1.0M
 - Tourism = \$0.8M



Utility Operating Fund (excluding transfers)

	FY2020 Budget	FY2021 Prop.	Difference
Total Revenue	\$13.1M	\$14.0M	\$0.9M
Total Expense	\$13.1M	\$13.9M	\$0.8M
Revenue to Expense	-	\$0.1M	\$0.1M

- **Water**
 - Sales = \$7.5M
 - Purchases = \$3.7M
- **Wastewater**
 - Charges = \$6.3M
 - Treatment = \$3.7M
- **Operations = \$5.0M**
- **Debt Service = \$1.5M**



Water and Sewer Rate Changes

Sample Residential Water and Sewer Bill

Consumption	Existing	New Rate	Change
5,000 gallons	\$56.33	\$59.71	\$3.38
8,000 gallons	\$82.82	\$87.79	\$4.97
10,000 gallons	\$100.48	\$106.51	\$6.03



Stormwater Operating Fund (excluding transfers)

	FY2020 Adopt.	FY2021 Prop.	Difference
Total Revenue	\$2.4M	\$2.5M	\$0.1M
Total Expense	\$1.5M	\$1.3M	(\$0.2)M
Revenue to Expense	\$0.9M	\$1.2M	\$0.3M

- Drainage Fees = \$2.4M
 - Rates increasing per adopted ordinance
- Expenses = \$1.2M
 - For operations only
 - Debt payment of \$0.5M



Airport Fund Overview

	FY2020 Bud.	FY2021 Prop.	Difference
Total Revenue	\$6.4M	\$5.2M	(\$1.2)M
Total Expense	\$5.6M	\$5.1M	(\$0.5)M
Revenue to Expense	\$0.8M	\$0.1M	(\$0.7)M

- **Funding Sources**
 - Service Fees = \$0.8M
 - Leases = \$4.3M
- **Expenses**
 - Operations = \$4.3M
 - Debt = \$0.8M



Capital Improvement Projects

All Funds

	Est. FY2020	FY2021	FY2022	FY2023	FY2024	Total
General Obligation & Cert. of Obligation	\$12.0M	\$26.1M	\$28.7M	\$20.0M	\$31.6M	\$118.4M
General Fund Self-Funded Projects	2.7M	0.1M	-	-	-	2.8M
Streets Self-Funded Fund	0.1M	-	-	-	0.5M	0.6M
Infrastructure Investment Fund	-	-	-	-	-	-
Utility Certificates of Obligation	2.2M	4.8M	1.6M	1.3M	1.9M	11.8M
Utility Fund Cash Reserves	1.5M	0.2M	0.4M	0.3M	0.5M	2.9M
Stormwater Certificates of Obligation	1.5M	0.5M	-	-	-	2.0M
Stormwater Fund Cash Reserves	0.5M	2.2M	1.7M	1.2M	-	5.6M
Airport Fund Certificates of Obligation	6.5M	0.5M	-	-	-	7.0M
Airport Fund Grant Funds	1.5M	0.8M	0.6M	6.9M	1.0M	10.8M
Airport Fund Cash Reserves	3.1M	2.0M	0.3M	0.9M	0.5M	6.8M
TOTAL PROJECTS	31.6M	37.2M	\$33.3M	\$30.6M	\$36.0M	\$168.7M

QUESTIONS?

