

DRAFT

OFFICIAL ACTIONS OF THE ADDISON CITY COUNCIL

August 4, 2021

ADDISON TREEHOUSE
14681 Midway Road, Suite 200, Addison, Texas
5:00 p.m.

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

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

Pledge of Allegiance: Mayor Chow led the City Council in the Pledge of Allegiance

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.*

Regular Items

Present, Discuss, and Consider Action on the Proposed Annual Budget for the Town of Addison for Fiscal Year 2022 (Beginning October 1, 2021, and Ending September 30, 2022), 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.

Pursuant to the Home Rule Charter §3.02 City Manager Wesley Pierson presented the proposed fiscal year 2022 budget to the City Council. He provided a summary of the budget

message which included these highlights:

- **Property Tax Rate Approval Process:** The approval timeline was presented and discussed. Dates and action items typically included in the tax rate adoption that show (1) are not to exceed tax rate and (2) adoption of a tax rate that exceeds the voter approval rate were noted but are no longer required by state law. Important dates for the tax rate adoption include: (1) 8/16 publication notice of public hearing; (2) 9/7 public hearing notice; (3) 9/14 budget adoption; and (4) 10/1 is beginning of fiscal year 2022.
- **Goals:** Staff to continue building and maintaining trust and pursue continuous improvement and continue to make Addison a ‘Benchmark City’.
- **Strategic Pillar and Milestones:** The budget is in alignment with the City Council’s priorities through our strategic planning process that is accomplished annually. Staff focuses on pillars for success and Council identifies milestones. The Council discuss the 2022 fiscal year Pillars and Milestones in June and adopted those at the July 13th City Council meeting. Staff takes Council milestones and creates initiatives around that to show what staff is doing to achieve those milestones and ultimately those pillars of success. Focus and prioritizing is essential function of both Staff and Council to fulfill the final goals and make progress.
- **Ongoing Big Issues:**
 - **Infrastructure Planning & Maintenance** - The fiscal year 2022 budget continues the progress made in using the Comprehensive Asset Management Plan to make informed decisions about how to invest our resources to address infrastructure needs now and in the future. We are using the information about the condition of our infrastructure as intended to create plans and make decisions that are necessary to properly maintain and restore our core infrastructure. To remain proactive in addressing these needs, the proposed Capital Improvement Program (CIP) Budget that is part of this fiscal year 2022 budget includes \$47.2M in infrastructure and maintenance projects. This includes bond-funded projects as well as non-bond projects. These projects will not be started and concluded in 2022 but will cover several years.
 - **Attracting and retaining talent** – In accordance with Council direction to continue to attract and retain the best talent possible. The fiscal year 2022 budget includes a 4% compensation pool to fund the merit and market-based compensation plan.
 - **Development and Redevelopment Opportunities** – This budget continues progress on the selection and engagement of the Transit Oriented Development Master Developer for the property around the future Silver Line rail station. Additionally, the completion and adoption of the Unified Development Code (UDC) is making significant progress and is scheduled to conclude during this fiscal year. Completion of this project will prepare Addison for future development and re-development opportunities and help guide us to the maximum investment or re-investment in the future. Those projects along with the current development and re-development of the Midway Road re-construction project and the planning efforts in the Sam’s Club Special Area Study will increase that area’s future redevelopment opportunities. Funding is available in this budget to support those activities.

- Adjustments and Recovery – We have lived through and continue to live through the COVID-19 pandemic. The budget reflects the needs to continue some of the actions implemented in 2021 such as (1) the Addison Conference Center remaining closed for the entirety of fiscal year 2022; and (2) lower hotel occupancy tax revenue to fully recover in fiscal year 2022. However, on the bright side of things the sales and mixed beverage taxes are estimated to fully return to pre-pandemic levels.

As part of the recovery efforts, Congress adopted the American Recovery Plan Act which includes the Coronavirus Local Fiscal Recovery Fund (CLFRF). This federal program is available to local governments to respond to the COVID-19 public health emergencies and to mitigate the loss of revenue because of the pandemic. Addison is estimated to received approximately \$4 million. The funds will be delivered to the Town in two tranches. The first tranche is expected to be received in late fiscal year 2021. Funding will be delivered through the State of Texas. These funds will be split evenly between the Hotel Fund and Self-Funded Projects Fund. The second tranche is scheduled to arrive one year later. The proposed budget reflects the application of the second tranche of funds, \$2.0 million, to mitigate revenue lost in the Hotel Fund.

- Continuous Improvement – This budget supports our on-going efforts to continually improve the way we deliver services to our residents and businesses. City Manager Pierson highlighted the following:
 - MUNIS Enterprise Resource Planning (ERP) software. Staff is utilizing this powerful tool to improve how we do our business. Included is software to improve the processing of invoices while reducing staff time spent on this task.
 - Americans with Disabilities Act (ADA). Staff is implementing strategies from the Parks, Recreation, and Open-Space Master Plan to make compliance improvements. Improvements to park sidewalks are a result of this program.
 - Expansion of the License Plate Recognition system and optical camera system throughout Town.
 - Conduct a Resident Survey.
 - Continue beautification efforts including Belt Line Road medians east of the Dallas North Tollway and the replacement of landscaping damaged during the winter storm. An effort is being made to entice and encourage adjacent property owners to improve their landscaping along that roadway.
- Property Values -There continues to be pressure on our operational dollars because it is hard to meet everyone’s expectations. As a result of the pandemic there is a hot market for lots of things – construction materials, supplies, people – that places pressures on our operational dollars. Last year we didn’t receive our certified tax roll from Dallas Central Appraisal District (DCAD) but did get a certified estimate. As a result, we were able to see what would happen if we got a decrease of

evaluation from one year to the next. There is still an issue how DCAD is handling protested values of property. There are potential impacts to the Town in the future. Fortunately, right now it is not harmful to the Town, but should be addressed soon. A letter has been drafted to DCAD regarding this issue and will be discussed later at this meeting.

- Long Term Planning – The proposed budget conforms with our practice of providing Town employees with the resources required to deliver the excellent municipal services expected by Addison residents and businesses. Our actions also protect our bond ratings of ‘AAA’ from Standard and Poor’s (S&P) and ‘Aaa’ from Moody’s.

Prior to the introduction of Chief Financial Officer Steven Glickman, City Manager Pierson told the City Council to feel free to ask questions during the presentation. In ending he thanked Town staff for all their work in preparation of this budget and expressed his thanks to be a part of this team.

Mr. Glickman presented the following summary of the proposed fiscal year 2022 Budget. Highlights of each are presented as well as discussion:

- Consolidated Operating Budget – The total budget appropriates approximately \$83.0 million. Of that half or \$40.7 million is designated for the General Fund. Of those General Fund dollars \$26.4 million is related to personnel costs and the remaining \$14.3 million is related to operational costs.
- Enterprise Funds - There are three Enterprise Funds with a budget of \$21.2 million dollars. The largest of those is the Utility Fund at \$14.4 million, the Airport Fund at \$5.2 million and the Stormwater Fund at \$1.6 million.
- Debt Service Fund – This is to pay the debt service on the General Obligation Bonds related to the Capital Improvement program that is a \$8.5 million budget.
- Special Revenue Funds - The largest of those funds is the Hotel Fund of \$5.6 million, Economic Development Fund of \$2.0 million and then a lot of other funds, many of which are rather small.
 - Self-Funded & Streets Self-Funded Projects Fund - The majority of that \$3.0 million in the other funds is related to Self-Funded Special Projects Fund and the Streets Self-Funded Projects Fund. We also have an Internal Service Fund budget of \$2 million. Included in that category is the Equipment and Information Technology Replacement Funds. New this year is a Facility Maintenance Fund to fund on-going emergency and planned maintenance of our facilities. Funding would be like how the Equipment Maintenance and Information Technology Funds are funded.
- Property Tax Values and Tax Rate

Certified Taxable Value FY 2022	\$5.08 B
Certified Taxable Value FY 2021	\$4.93 B
Current Property Tax Rate FY 2021	\$0.608676/\$100
Proposed Property Tax Rate FY 2022	\$0.615105/\$100

The certified taxable value for fiscal year 2022 equates to an increase of approximately \$150 million or 4.0% from the previous year. Included in the certified taxable value is \$63,905,190 in new properties added to the tax roll from January 1 thru December 31, 2020. The increase in the tax rate is related to general fund debt service. A total certified value history was presented which shows most taxes or 70% are paid by commercial properties. Residential and business personal property taxes represent 15% each.

Deputy Mayor Pro-Tempore Walden requested clarification regarding the tax rate. He asked if the increase in the tax rate was due to debt service which was voter approved and if so, then basically the tax rate is flat? Mr. Glickman responded in the affirmative. Deputy Mayor Pro-Tempore Walden requested the record to show that the proposed increase is solely driven by voter approved capital projects. The City Council is not doing anything that the voters haven't approved.

Council Member Willesen had questions about the certified value. He asked if those values had been approved by both DCAD and the property owner? Mr. Glickman advised that there were 2 components of the certified value. DCAD by law must have 95% of all the properties through the system including protests. For fiscal year 2022 the certified values were \$4.9 billion with an estimated \$105 million working through the process. The Town is closer to 98% of its certified value.

Mr. Glickman explained Property Tax Rates stating that as appraised values go up the tax rate calculation for the 'no new revenue tax rate' goes down. As the appraised value goes down then the rate would go up to generate the same amount of revenue. A comparison of 2021 tax rates for cities in Dallas County and the Town's 2022 proposed tax rate was presented. The median tax rate is just under \$0.67, with the average tax rate of just a little less than \$0.62. A comparison of our comparative cities showed a median rate of \$0.4968 and an average of \$0.4933.

Average tax bills for each comparative cities with fiscal year 2021 data were presented versus the Town's proposed fiscal year 2022 data was used. A comparison of fiscal year 2022 rates are not available as the entities are currently going through this same budgetary process. The Town's combined tax rate is \$2.541680 this is a decrease of over \$0.02 from the previous year. Council Member Willesen asked if this total includes all the entities. Mr. Glickman advised that it did not include the fiscal 2022 tax rate from each taxing entity at this time.

- Property Tax Rates: The fiscal year 2021 rate goes back to the comments Mr. Pierson made about the Town receiving a certified estimated tax roll, that drove up the now new revenue. The voter approval tax rate calculations were significantly below both those calculated rates.

	FY 2021	FY 2022	Difference
No New Revenue	\$0.637851/100	\$0.548593/100	(\$0.089258/100)
Voter Approval	\$0.701933/100	\$0.679498/100	(\$0.022435/100)
Adopted/Proposed	\$0.608676/100	\$0.615105/100	\$0.006429/100

In fiscal year 2022, the no new revenue rate is a decrease of almost \$0.09. The main reason for this decrease is Senate Bill 2 from the 2019 legislative session. There is now a provision in that bill that requires the appraisal district to reduce our taxable values from the previous year by amounts that are still under dispute in lawsuits. When the appraisal district certified our 2022 tax roll there was almost \$1.2 billion in properties that were under lawsuits from the previous tax year and the property owners' opinion of value on those was \$569 million less than what was certified in 2021. So, the appraisal district had to reduce last year's tax roll by \$569 million for the purposes of calculating this tax rate.

Deputy Mayor Pro-Tempore Walden compared this process to be a scheme because the no new tax rate is really not \$0.55 but this must be reported because that is what the law says. Mr. Glickman reported that pre-Senate Bill 2 these issues would be reconciled but there is no method in the law to reconcile. City Manager Pierson advised that this isn't an issue this year because prior to the budget process the Town declared emergencies related to COVID-19 pandemic. As a result, there was a provision in state law that would allow the capture or banking of this value for future purposes so we can increase our tax revenue income more than the 3.5% revenue cap. Because of this emergency declaration, the Town banked the tax rate revenue to essentially cushion the blow. If we were required to use the no new revenue rate and just increase the tax rate by 3.5% we would have to go to the voters and ask them to approve something more than that or we would just have to operate at just the 3.5%.

Council Member Ward opined that the average citizen would be confused by this process and only after five years of service on the Council does this make sense. Council Member Willesen concurred and when a formula is discussed that no one can recite adds to the confusion. Mayor Chow added that this procedure can mislead the citizens and is not helpful. He added that this is the reason local governments need to get involved in lobbying the state elected officials. Deputy Mayor Pro-Tempore Walden added that is why he wanted to be painfully detailed in this process so it is on the record that there is absolutely, positively no misunderstanding and no one can make political hay of this and claim facts that are just not true.

Mr. Glickman reported that the voter approved tax rate also looks very strange because there is more than a \$0.13 gap between the no new revenue and voter approved tax rate. The state calls this "Truth in Taxation". The difference in these two rates is due to what the city manager addressed earlier about capturing or banking these revenues.

- Property Tax Revenues –

	FY 2021 Budget	FY 2022 Proposed	Difference
Property Tax Rate	\$0.608376/100	\$0.615105/100	\$0.006429/100
Certified Value	\$4.93B	\$5.08B	\$0.15B
Tax Levy	\$30.0M	\$31.2M	\$1.2M
1 Penny on Tax Rate	\$493K	\$508K	\$15K
1 Penny on Tax Rate	\$33.50/year	\$34.96/year	\$1.46/year
Average Homeowner	\$2.79/month	\$2.91/month	\$0.12/month

Tax Collections *	\$28.9M	\$30.1M	\$1.2M
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Note: * collection rate estimated at 96.5%

- Property Tax Rate Projections

	No-New Revenue Tax Rate	Proposed Tax Rate	Voter Approved Tax Rate	0.05 Above Voter Approval Rate	0.01 Above Over Approval Rate
Property Tax Rate	\$0.548593/100	\$0.65105/100	\$0.679498/100	\$0.684498/100	\$0.689498/100
Difference	(\$0.089258/100)	\$0	\$0.064393/100	\$0.069393/100	\$0.074939/100
Certified Value	\$5.1B	\$5.1B	\$5.1B	\$5.1B	\$5.1B
Tax Levy	\$27,843,268	\$31,219,029	\$34,487,229	\$33,740,999	\$34,994,768
96.5% Collection Rate	\$26,868,753	\$30,126,363	\$33,280,176	\$33,525,064	\$33,769,952
Difference from Proposed Collection	(\$3,257,610)	\$0	\$3,153,813	\$3,398,701	\$3,643,589

- Disputed Values Effect on Property Tax Rate Calculations

	Post-SB2 Calculation Method	Pre-SB2 Calculation Method	Difference
FY 2021 Tax Roll	\$4.99B	\$4.99B	\$-
FY 2021 Disputed Reduction	\$0.569B	\$-	(\$0.569B)
2021 Adjusted Taxable Value	\$4.42B	\$4.99B	\$0.569B
2022 Taxable Value	\$5.08B	\$5.08B	\$-
% Change in Taxable Value	18.9%	1.8%	\$-
No-New Revenue Tax Rate	\$0.548593/100	\$0.617678/100	(\$0.06985)

Deputy Mayor Pro-Tempore Walden asked if the Pre-Senate Bill 2 ‘no-new revenue tax rate’ of \$0.617678/100 is lower than the city manager’s proposed 2022 property tax rate of \$0.65105? Mr. Glickman advised that the proposed 2022 tax rate is lower. City Manager Pierson reported that Mr. Glickman is reporting the information required by state law. Deputy Mayor Pro-Tempore Walden stated that he appreciates that, but he was trying to interject a little bit of common sense.

Council Member Ward stated that looking forward, we may not have the Pre-Senate Bill 2 Calculation method to discuss. City Manager Pierson stated that he hoped that the Town did not have this issue to discuss next year. In an ideal world, the appraisal district should be able to take care of this prior to the time we meet to calculate tax rates or the law changes to a more reasonable procedure. Mr. Glickman advised that there was a proposed law at this legislative session to fix this issue, but it was not approved.

Council Member Braun asked about the lawsuit process. Mr. Glickman reported that lawsuits are more prevalent in larger counties.

- Property Tax Rates –

	FY 2020	FY 2021	FY 2022
Operations & Maintenance	\$0.434117/100	\$0.441109/100	\$0.441109/100
Interest & Sinking	\$0.149383/100	\$0.167567/100	\$0.173996/100
Total Tax Rate	\$0.58350/100	\$0.068676/100	\$0.615105/100

Mayor Pro-Tempore Quintanilla verified the increase in the Interest & Sinking portion of the tax rate represents the debt service portion of the tax rate. And that increase is a result of planned issuance of general obligation bonds. These bonds were approved by the voters in a 2012 and 2019 bond election. The proposed rate allows the Town to continue to provide excellent services that residents and businesses expect and deserve. Mr. Glickman advised that those comments were correct. Council Member Ward added that this also allows the Town to share the burden of the cost of those benefits over the course of time.

- Property Tax Revenues –

	FY 2020 Actual	FY 2021 Budget	FY 2022 Proposed	% Change FY 21 to FY 22
General Fund (O&M)	\$18,781,674	\$19,546,156	\$20,139,186	3.03%
Economic Development Fund (O&M)	\$1,103,081	\$1,127,348	\$1,161,552	3.03%
Infrastructure Investment Fund (O&M)	\$288,422	\$294,767	\$33,710	3.03%
Debt Service Fund (I&S)	\$6,993,638	\$7,965,356	\$8,521,915	6.99%
Total Tax Revenue	\$27,139,814	\$28,933,627	\$30,126,363	4.12%

- Impact on Average Homeowner – The average residential taxpayer would pay about \$111.61 (= \$9.30 per month) more than last year, depending on their home value.

	FY 2021	FY 2022
Average Home Value	\$432,539	\$449,858
Tax Rate	\$0.608676	\$0.615105
Average Taxable Value	\$334,993	\$349,637
Annual Tax Bill	\$2,039.02	\$2,150.63

- Average Monthly Total Bill Increase for Residents – The water and sewer rates per the rate study that Council approved in 2018 will go up 2.5%.

	FY 2021	FY 2022	Increase
Property Tax	\$169.92	\$179.22	\$9.30
Water (5,000 Gallons)	\$25.23	\$25.86	\$0.63
Sewer (5,000 Gallons)	\$34.47	\$35.33	\$0.86
Total Average Monthly Increase			\$10.79

DECISION PACKAGES

City Manager Pierson reminded the City Council that these packages are requested by the departments that exceeds the previous year budget.

- Decision Package Summary – All Requests: Mr. Glickman advised these were items that

were in the proposed budget.

Fund	Recurring	One-Time	Total
General Fund	\$255,841		\$255,841
Airport Fund		\$16,000	\$16,000
Stormwater	\$12,000	\$73,000	\$85,000
Utility Fund	\$80,675	\$245,000	\$325,675
Self-Funded Special Projects Fund		\$678,515	\$678,515
Streets Self-Funded Projects Fund		\$1,980,000	\$1,980,000
Facility Maintenance Fund	\$200,000	\$150,000	\$350,000
Capital Improvement Program		\$3,514,713	\$3,514,713
Total (All Funds)	\$368,516	\$6,657,228	\$7,205,744

- General Fund Decision Package Summary -Proposed

Department	Decision Package	Recurring	One-Time	FTEs
Combined Services	Legal	\$50,000		
Combined Services	Martin Luther King Jr. Day Holiday	\$3,479		
Development	Code Enforcement Officer – new position	\$83,508		1.0
Development	Promotion to Senior Permit Technician	\$3,035		
Finance	Equity Adjustment Accounting Manager	\$5,862		
Fire	Advanced Gear Cleaning & Inspection	\$20,000		
Fire	EMS Supplies	\$15,000		
Human Resources	Equity Adjustment Talent Acquisition Partner	\$3,824		
Information Technology	Promotion to Management Assistant	\$4,083		
Parks	Trash & Projects Crew	\$28,532		
Parks	Les Lacs Park Court Conversion	\$1,500		
Police	Promotion to Management Assistant	\$2,926		
Recreation	Promotion to Recreation Manager	\$5,092		
General Fund Total		\$255,841		1.0

- Airport Fund Decision Package Summary – Proposed

Department	Decision Package	Recurring	One-Time	FTEs
Airport	GASB 87 LeaseVision Part 2		\$16,000	
Airport Fund Total			\$16,000	

- Stormwater Fund Decision Package Summary - Proposed

Department	Decision Package	Recurring	One-Time	FTEs
Stormwater	Vitruvian Parks Erosion	\$12,000	\$73,000	
Stormwater Fund Total		\$12,000	\$73,000	

- Utility Fund Decision Package Summary – Proposed: Council Member Willesen asked for more color to the Credit Card Fees. He added that those fees appeared high. Mr. Glickman responded saying that more credit card payments are being made due to COVID than in previous years. Mr. Pierson added that this increase has more to do with volume. Council Member Ward suggested that these costs be re-negotiated. Mr. Glickman advised staff was looking into that and discussing with the provider. Council Member Willesen inquired as to

the total utility customers. Mr. Glickman advised that the Town had approximately 3,600 customers. City Manager Pierson added that a decision had previously been made for the Town to pay those fees, not the customer. Those fees are added into the Town’s utility rate.

Deputy Mayor Pro-Tempore Walden recalled last year there was discussion on the indefinite delivery/indefinite quantity (IDIQ) and some proposed addition to staff. In lieu of adding staff, the Town added an additional budget to the IDIQ. He asked if this was the same concept. City Manager Pierson stated that this was the same concept. The budgeted amount is estimated to be the capacity of the work staff can manage.

Department	Decision Package	Recurring	One-Time	FTEs
Utility Billing	Credit Card Fees Coverage for Utility Billing	\$45,675		
Utility Administration	Celestial Pump Station Landscaping & Office Space Improvements		\$65,000	
Utility Administration	State Required SB3 Emergency Preparedness Plan		\$30,000	
Utility Administration	Utility Repair IDIQ Contract		\$150,000	
Utility Administration	Fire Hydrant Painting Contract	\$35,000		
Utility Fund Total		\$80,675	\$245,000	

- *Self-Funded Special Projects Fund Decision Package Summary – Proposed:* Council Member Willesen asked Mr. Glickman if the costs for code enforcement included a vehicle? Mr. Glickman stated yes that line item included a vehicle and equipment costs. Council Member Willesen asked if the Long-Range Planning Services included zoning and the local area study? Deputy City Manager Ashley Mitchell responded by saying those costs would be associated with the Comprehensive Plan Update which will be accomplished over a two-year period.

Department	Decision Package	Recurring	One-Time	FTEs
City Manager’s Office	Special Services Consultant		\$25,000	
Development Services	Long-Range Planning Services		\$140,000	
Development Services	Code Enforcement Equipment		\$38,000	
Fire	Bail-Out Rescue System		\$27,000	
General Services	Facility Study Phase 2		\$125,000	
Human Resources	Employee Handbook		\$12,000	
Human Resources	ICMA-RC/Mission Square Plan Review Study		\$25,000	
Parks	Trash & Projects Crew Equipment		\$79,515	
Parks	Les Lacs Park Court Conversion		\$66,000	
Police	Forensics – Computer Hardware/Software		\$25,000	
Fund Total			\$678,515	

- *Streets Self-Funded Projects Fund Decision Package Summary – Proposed:*

Department	Decision Package	Recurring	One-Time	FTEs
Streets	Belt Line & Addison Road Maintenance		\$1,380,000	
Streets	Street Maintenance & Repairs (one-time)		\$600,000	
Fund Total			\$1,980,000	

- *Facility Maintenance Fund Decision Package Summary – Proposed:*

Department	Decision Package	Recurring	One-Time	FTEs
General Services	Emergency Maintenance	\$200,000		
General Services	ADA Compliance		\$15,500	
General Services	Facility Planned Maintenance		\$134,500	
Fund Total		\$200,000	\$150,000	

- *Capital Improvements Program Decision Package Summary – Proposed:*

Department	Decision Package	Recurring	One-Time	FTEs
Public Works	Vitruvian Park, Phase 9, Block 701		\$1,034,713	
Public Works	Traffic Signal & ADA Improvements		\$1,500,000	
Public Works	Surveyor Pump Station Electrical Upgrades		\$980,000	
Capital Improvement Program Total			\$3,514,713	
TOTAL ALL FUNDS		\$548,516	\$6,657,228	1.0

Mr. Glickman asked for any questions on the Decision Packages. Council Member Willesen asked if Staff would elaborate on the Belt Line and Addison Road Street Maintenance Projects. Public Works and Engineering Services Director Shannon Hicks addressed council member’s question. He stated that the funds allotted for these major repairs is for some point structural repairs throughout the road with a full-deck repair. Council Member Willesen asked what the split of was for these two projects. Mr. Glickman stated that two-thirds of the project costs would be used on Addison Road and one-third Belt Line Road.

Mayor Pro-Tempore Quintanilla had questions regarding the denial of several staff decision package requests. Mr. Pierson opined that at this time these expenditures were not cost-effective as the value we would gain is not worth the investment that we would need to make. Periodic review and discussions would be held to re-evaluate these projects.

STAFFING SUMMARY

	2018	2019	2020	2021	2022
General Fund	224.9	227.1	235.2	232.8	231.2
Hotel Fund	17.0	17.0	17.0	9.0	9.0
Economic Development Fund	4.0	4.0	4.0	4.0	4.0
Airport Fund	3.4	4.4	4.4	19.6	20.4
Utility Fund	19.2	22.2	25.2	27.4	28.2
Stormwater Fund	2.0	4.0	4.0	4.0	5.0
Capital Project Fund				3.0	3.0
Total	270.5	278.7	289.8	299.8	300.8

City Manager Pierson reminded the City Council that an increase in 2020 to 2021 was due to the airport personnel being brought in-house versus being outsourced.

GENERAL FUND OVERVIEW (excluding transfers): Ad valorem taxes equals \$20.0M an increase of \$0.6M. A conservative sales tax of \$13.7M is included in this budget.

	FY 2021 Budget	FY 2022 Proposed	Difference
Total Revenue	\$39.3M	\$40.8M	\$1.5M
Total Operating Expense	\$39.3M	\$40.7M	\$1.4M
Revenue to Expense	\$0.02M	\$0.02M	

SELF-FUNDED PROJECT FUND OVERVIEW: The funding source is from the General Fund Transfers. Expenses includes a Special Area Study - \$0.14M, Trails Master Plan Implementation of \$0.07M and a Facility Study & Consolidation of \$0.12M.

	FY 2021 Budget	FY 2022 Proposed	Difference
Total Revenue	\$0.7M		(\$0.7M)
Total Operating Expense	\$1.5M	\$0.7M	(\$0.8M)
Revenue to Expense	(\$0.8M)	(\$0.7M)	(\$0.1M)

SPECIAL REVENUE FUNDS:

- *Hotel Fund Overview (excluding transfers):* Hotel Taxes of \$4.2M; American Rescue Plan of \$2.0M and Special Events Revenue of \$1.2M.

	FY 2021 Budget	FY 2022 Proposed	Difference
Total Revenue	\$5.3M	\$7.4M	\$2.1M
Total Operating Expense	\$5.5M	\$5.6M	\$0.1M
Revenue to Expense	(\$0.2M)	\$1.8M	\$2.0M

- *Economic Development Fund:* Funding sources includes Ad Valorem Taxes of \$1.1M and Hotel Fund Transfers of \$0.38M. Planned expenses are \$0.1M for Incentives, \$1.0M for Operations and \$0.8M for Tourism efforts.

	FY 2021 Budget	FY 2022 Proposed	Difference
Total Revenue	\$1.2M	\$1.2M	-
Total Operating Expense	\$2.0M	\$2.2M	-
Revenue to Expense	(\$0.8M)	(\$0.8M)	-

INTERNAL SERVICE FUNDS: The Facility Maintenance Fund is a newly created and proposed fund for on-going emergency and planned maintenance projects for our facilities.

Fund	FY 2022 Proposed
Information Technology Equipment Replacement Fund (ITERF)	\$870,000
General Fund - Capital Equipment Replacement Fund (CERF)	\$760,283
Facility Maintenance Fund	\$350,000

ENTERPRISE FUNDS:

- *Utility Operating Funds:* Water Sales are anticipated at \$7.7M with purchases at \$4.2M. Wastewater revenue is estimated at \$6.5M with treatment costs estimated at \$3.7M. Total Operational costs is anticipated at \$5.0M and Debt Service for this fund will be \$1.5M. Council Member Willeesen asked that these utility costs (shown in the proposed budget

PowerPoint Presentation) be provided to the public. He also asked if the comparable information include a key identifying each utility and that we are comparing fiscal year 2021 rates of other communities with the Town’s fiscal year 2022 fees. Mr. Glickman said this presentation would be made available with uniform reporting information for each utility comparison.

	FY 2021 Budget	FY 2022 Proposed	Difference
Total Revenue	\$14.0M	\$14.4M	\$0.4M
Total Operating Expense	\$13.9M	\$14.4M	\$0.5M
Revenue to Expense	\$0.1M	\$0.00M	(\$0.1M)

- *Water and Sewer Rate Changes:* Comparison cities median Utility Rates is \$67.15.

Consumption	Existing	New Rate	Change
5,000 gallons	\$59.71	\$61.20	\$1.49
8,000 gallons	\$87.79	\$89.98	\$2.19
10,000 gallons	\$106.51	\$109.17	\$2.66

- *Stormwater Operating Fund:* Drainage fees are estimated to generate \$2.6M in revenue. These rates are increasing per ordinance for multiple years. Expenses include \$0.5M for debt service payment and the remainder is for operations to provide these services. Mayor Pro-Tempore Quintanilla asked how these rates were established. Mr. Glickman advised that a rate study was conducted in 2013 with an ordinance submitted for Council adoption which set the rates for multiple years. City Manager Pierson reported that staff is not anticipating bringing back another rate study for stormwater fees forward because as of right now our plan is that we will cash fund a certain amount of projects from the stormwater fund. Because we have that funding structure plan in place, staff does not believe rates need to be adjusted.

Mr. Glickman added that this finance plan pertains to the Stormwater Fund only. City Manager Pierson added that the 5-year Utility Study was conducted in 2018. This will be the last year of that rate study. Staff anticipates coming back to the City Council next year to be sure we can execute our funding plan for the Utility Fund.

	FY 2021 Budget	FY 2022 Proposed	Difference
Total Revenue	\$2.5M	\$2.6M	\$0.1M
Total Operating Expense	\$1.3M	\$1.6M	\$0.3M
Revenue to Expense	\$1.2M	\$1.0M	(\$0.2M)

- *Stormwater Rates*

Rates Per Month	FY 2021	FY 2022	Difference
Tier 1 Residential (1 to 1,999 SF)	\$6.90	\$7.20	\$0.30
Tier 2 Residential (2,000 to 3,399 SF)	\$11.50	\$12.00	\$0.50
Tier 3 Residential (3,400 to 4,999 SF)	\$17.25	\$18.00	\$0.75
Tier 4 Residential (5,000+ SF)	\$28.75	\$30.00	\$1.25
Nonresidential (Per 1,000 SF of impervious area)	\$3.71	\$3.88	\$0.17

- *Airport Operating Fund:* Revenue sources include service fees of \$1.3M and leases which total \$5.6M. Expenses includes \$4.2M in operations and Debt Service of \$0.9M.

	FY 2021 Budget	FY 2022 Proposed	Difference
Total Revenue	\$5.2M	\$7.1M	\$1.9M
Total Operating Expense	\$5.1M	\$5.1M	-
Revenue to Expense	\$0.1M	\$2.0M	\$1.9M

CAPITAL IMPROVEMENT PROJECTS (CIP) ALL FUNDS: A detail of each CIP project was presented. Council Member Willesen inquired if the Pedestrian Connectivity – Cotton Belt/Silver Line CIP Project scheduled for FY 2021 of \$0.31M had been spent. Mr. Glickman reported that those funds have not been spent and is really a lump sum payment to the North Central Texas Council of Governments. When the funds are requested then the funds will be expended. If the funds are not requested by end of fiscal year 2021, then a budget amendment will be submitted for City Council approval.

	Est. FY2021	FY2022	FY2023	FY2024	FY2025	TOTAL
General & Certificates of Obligation	\$16.1M	\$33.0M	\$23.1M	\$24.7M	\$16.2M	\$113.2M
Streets Self-Funded Fund					\$0.5M	\$0.5M
Infrastructure Investment Fund		\$1.5M				\$1.5M
Utility Certificates of Obligation	\$2.5M	\$3.6M	\$2.8M	\$4.7M	\$1.4M	\$14.9M
Utility Fund Cash Reserves	\$0.2M	\$0.1M	\$0.2M	\$0.2M	\$0.2M	\$0.9M
Stormwater Certificates of Obligation	\$0.2M	\$0.7M				\$0.9M
Stormwater Fund Cash Reserves	\$0.2M	\$0.8M	\$2.8M	\$3.5M	\$1.0M	\$8.2M
Airport Fund Certificates of Obligation	\$1.8M					\$1.8M
Airport Fund Grant Funds	\$2.8M	\$5.8M	\$0.1M	\$1.0M		\$9.8M
Airport Fund Cash Reserves	\$1.2M	\$1.6M	\$0.1M	\$0.6M	\$0.1M	\$3.5M
Hotel Fund	\$0.01M					\$0.2M
TOTAL PROJECTS	\$25.0M	\$47.2M	\$29.1M	\$34.7M	\$19.2M	\$155.1M

ADDISON GROVE FUND BALANCE: Mr. Glickman remarked that not a lot of money was being made on interest.

	Actual FY 2020	FY 2021 Budget	FY 2022 Proposed
Beginning Fund Balance	\$3.1M	\$3.1M	\$3.1M
Transfer from Infrastructure Investment			
Transfer from Utility Fund			
Interest and Other Income	\$0.05M	\$0.03M	\$0.002M
Ending Fund Balance	\$3.1M	\$3.1M	\$3.1M

LONG RANGE FINANCIAL PLAN: Mr. Glickman presented the graphs for various funds and expenditures.

City Manager Pierson asked Mr. Glickman when did he anticipate the Town to get to pre-pandemic hotel revenues? Mr. Glickman stated that in fiscal year 2019 the Town had \$7M in revenue and he did not anticipate reaching that total until fiscal year 2026 or fiscal year 2027. Mr. Pierson added that if staff sees a re-bounce sooner than anticipated adjustments will be made as needed. This is a conservative projection of funds.

NON-PROFIT ORGANIZATIONS: Council Member Wheeler asked Mr. Glickman how were decisions made as to who received money and who didn't? City Manager Pierson stated it was his decision and that he kept the funding amount the same as what was budgeted in fiscal year 2021. Mayor Chow asked if the Civil Air Patrol was scheduled to receive was in-kind funding? Mr. Pierson reported that his proposed budget did not provide funding for the Civil Air Patrol.

	FY 2022 Requested	FY 2022 Proposed
GENERAL FUND		
Addison Arbor Foundation	\$65,000	\$50,000
Addison Arbor Foundation (matching funds)		\$15,000
Addison Eagles Civil Air Patrol	\$3,600	
Dallas Cat Lady	\$5,000	\$5,000
Dallas County MH/MR-Metrocare Services	\$11,500	\$5,000
Metrocrest Services	\$66,120	\$66,120
Woven Health Clinic	\$8,000	\$5,000
Total General Fund	\$159,220	\$146,120
HOTEL FUND		
WaterTower Theatre ¹	\$500,000	\$226,589
WaterTower Theatre (matching funds)		\$100,000
Cavanaugh Flight Museum	\$100,000	
Outcry Theatre	\$5,000	\$2,500
Total Hotel Fund	\$605,000	\$329,089
CHILD SAFETY FUND		
The Family Place	\$5,000	\$2,500
Total Child Safety Fund	\$5,000	\$2,500
GRAND TOTAL²	\$769,220	\$477,709

Notes:

¹Does not include in-kind funding. If in-kind funding is included \$16,400 for office rent and \$32,011 for production rent for a total of 4375,000 net value of WaterTower Theatre grant funding.

²Total proposed of all grants with WaterTower Theatre in-kind amounts is \$526,120.

Council Member Wheeler stated that Cavanaugh Flight Museum requested funds because their rent increased dramatically, and then asked if the Town afford to lose them. Mr. Pierson stated that based on a conversation he, Mayor Chow, and Council Member Willesen had with the leadership of the Cavanaugh Flight Museum before a large financial commitment was made that it would be important to know their long-term plan. Council Member Willesen asked about the lease, and Mr. Pierson stated that no new lease has been signed. Mayor Chow asked Mr. Pierson

to give Council an update on the Museum's long-range plans. Airport Real Estate Director Bill Dyer informed the City Council about the ownership and multiple lease expirations. Council Member Willesen stated that after the leases were resolved that a service agreement could include their war plane show in future Kaboom Town activities and other flying events.

Deputy Mayor Pro-Tempore Walden asked if the museum was still reluctant to release their financials? Accounting Manager Ashley Boatright responded that receiving financials has been an issue. Staff did not receive a financial statement with their fiscal year 2022 request. However, the 990 form was submitted and reviewed.

Mayor Chow stated he regrets not funding Cavanaugh Flight Museum because they are so valuable to the Town, but they didn't follow our rules and that is very unfortunate. Mayor Chow stated that further conversation is needed. Council Member Wheeler added that she did not see the museum as a business because it is an educational service, it is a museum, and they perform at our events. She asked if the Council does not make a recommendation tonight then the funding may be revisited later. The City Council will be updated on any developments with the museum.

Council Member Willesen asked if this was the time to discuss how much each organization would be awarded? He questioned the city manager's proposal to grant \$5,000 to Metrocare Services. After reviewing their proposal and the number of people served from Addison, he recommended changing the funding amount to \$2,500. Deputy Mayor Pro-Tempore Walden concurred.

Council Member Braun commented that the WaterTower Theatre (Theatre) was currently in discussion with staff to re-negotiate their facility agreement and to re-assign the theatre maintenance and operation to the Theatre. City Manager Pierson stated that right now the Theatre rents the facility from the Town. The concept has been discussed for the Theatre to oversee operating that facility.

Deputy Mayor Pro-Tempore Walden stated there was not a demand for outdoor basketball courts, but there was a demand for pickle ball courts. He requested that Council consider converting the outdoor basketball courts to 3 pickle ball courts and the proposed improvements be directed to the pickle ball courts. Additional funds to upgrade dedicated pickle ball courts with the lights, wind screens like the tennis courts were also requested. Council concurred to amend the city manager's budget to re-direct those funds.

Council Member Willesen asked Council to consider observing the Martin Luther King, Jr. (MLK) Holiday but he asked Council to consider dropping the Employee Birthday Holiday. Council Member Ward said she had no interest in taking any holiday from the employees. Ms. Ward stated that offering this additional holiday is an investment in our employees. Human Resources Director Passion Hayes reported that after reviewing our comparator cities she noticed that over the last year plus, more cities adding the MLK holiday, she the City of Carrollton being the most recent. In order to be competitive with our comparative cities benefit package, a recommendation was made to offer this additional holiday. Council approved this request.

The Town's compensation plan was discussed. Mr. Pierson advised he would be presenting an update regarding this in his next 100 Day Plan.

Adjourn Meeting

TOWN OF ADDISON, TEXAS

Joe Chow, Mayor

ATTEST:

Irma G. Parker, City Secretary