

DRAFT

OFFICIAL ACTIONS OF THE ADDISON CITYCOUNCIL WORK SESSION

September 7, 2021

5:00 PM

Addison TreeHouse
14681 Midway Road, Suite 200, Addison, Texas 75001

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 Pledge of Allegiance.

SPECIAL MEETING

Announcements and Acknowledgments 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, 2021 and Ending September 30, 2022.**
2. **Hold a Public Hearing, Present, and Discuss the Town of Addison's Annual Budget for the Fiscal Year Commencing October 1, 2021 and Ending September 30, 2022.**

Mayor Chow read both agenda items into the record and turned the meeting presentation over to Chief Financial Officer Steven Glickman. Mr. Glickman reviewed the Property Tax Rate Approval Process as noted:

KEY DATES	COUNCIL ACTION
Monday, July 26 th	Receipt of Certified Value from Dallas Central Appraisal District
Friday, August 20 th	Public Notice of hearing on Tax Rate and Budget
Friday, August 27 th	Publish Notice of hearing on Tax Increase
Tuesday, September 7 th	1 st Public Hearing on Tax Rate and Budget
Tuesday, September 14 th	2 nd Public Hearing on Tax Rate and Budget
Tuesday, September 14 th	Adoption of FY 2022 Budget and Tax Rate
Friday, October 1 st	Begin Fiscal Year

Mr. Glickman presented charts and graphs for City Council review and discussion as follows:

- **Property Tax Values and Tax Rate:** The increase is strictly related to debt service for general obligation bonds approved by the voters during the 2012 and 2019 Bond Elections.

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

- **Property Tax Rates:**

	FY 2020	FY 2021	FY 2022
No-New-Revenue	\$0.552371/100	\$0.637851/100	\$0.548593/100
Voter-approval	\$0.591133/100	\$0.701933/100	\$0.679498/100
Adopted/Proposed	\$0.58500/100	\$0.608676/100	\$0.615105/100

- **Property Tax Revenue:** The tax revenue reflected below does not include delinquent taxes or penalties and interest from the General, Economic Development, and Infrastructure Funds from the previous year. The Debt Service (I&S) portion of the tax rate is an increase of 6.99% from the previous year. Again, the increase is strictly related to debt service for general obligation bonds approved by the voters during the 2012 and 2019 Bond Elections.

FUND	FY 2020 Actual	FY 2021 Budget	FY 2022 Proposed	% Change FY 21 to FY22
General (O&M)	\$18,781,674	\$19,546,156	\$20,139,186	3.03%
Economic Development (O&M)	\$1,103,081	\$1,127,348	\$1,161,552	3.03%
Infrastructure Investment (O&M)	\$288,422	\$294,767	\$303,710	3.03%
Debt Service (O&M)	\$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%

- **FY 2022 Tax Rate-Dallas County Cities:** A graph showing the proposed tax rate for all Dallas County cities, except for Lancaster and Sachse, and our comparator cities. The comparison is as follows:

	Median Tax Rate	Mean Tax Rate
Dallas County Cities	\$0.664998	\$0.626115
Comparison Cities	\$0.489328	\$0.488640

- **Impact on the Average Homeowner:** The average residential Addison taxpayer estimated increase is \$111.61 or \$9.30/month more than last year, depending on their home value.

	FY 2021	FY 2022
Average Home Value	\$432,539	\$449,858
Tax Rate	\$0.608678	\$0.615105
Average Taxable Value	\$334,993	\$349,637
Annual Tax Bill	\$2,039.02	\$2,150.63

- **FY 2022 Property Tax Rates Combined:**

Governmental Entity	Tax Rate	% Of Total Tax Bill
Dallas ISD	\$1.274935	51%
Town of Addison	\$0.615105	24%
Dallas County *	\$0.239740	9%
Parkland Hospital District *	\$0.266100	11%
Dallas County Community College District *	\$0.124000	5%
Total	\$2.519880	100%

* FY 2021 tax rate shown

- **Decision Point:** When the Town sold the August Bond, Staff had already created the FY 2022 Budget and the results from the sale was more advantageous than what was budgeted. The proposed budget had a Debt Service of \$8,521,915, the updated Debt Service was \$8,500,108 or \$21,807 less than budgeted. Mr. Glickman reported that if the City Council wanted to reduce the I&S portion of the Tax Rate this would reduce the tax rate to \$0.614660/\$100. He added that the City Council is not required to make that reduction but has the option to pass that reduction to the taxpayers.

Council Member Willeesen commented on Slide 10 showing a graph of the combined FY 2022 property tax rate did not show Dallas County School Equalization Rate only Dallas ISD's total

rate. He suggested that the Dallas ISD and Dallas County School Equalization Rate be shown as two separate taxing entities.

Council Member Braun asked for a review of Slide 7 which shows a tax rate comparison with comparator cities. He asked if this comparison includes exemptions provided by each city. Mr. Glickman reported that this slide only shows the tax rate. Council Member Braun stated that our comparator cities do not provide the same exemptions that the Town of Addison provides its homeowners and seniors. He opined that the Town provides a higher level of services to its citizens. Council Member Willesen added that some communities do not provide any exemptions.

Deputy Mayor Pro-Tempore Walden opined that any reduction in the tax rate should be passed on to the property owners. An increase in the debt service portion of the tax rate was projected; however, the actual amount required to cover debt service was less after the bond sale. Council Member Braun added that the amount is not significant, but any reduction should be passed on to the property owners. Council Member Willesen asked if the Councilmembers were proposing to reduce the tax rate from the previously proposed FY 2022 rate of \$0.61515/\$100 to a new FY 2022 rate of \$0.614660/\$100. Both responded that the rate should reflect the actual cost. Council Member Ward added that the savings should be passed on to the citizens. Mayor Chow inquired if this change required a motion. City Manager Pierson stated that this item was not posted on the agenda as an action item. Since a consensus of the City Council agrees to a reduction of the FY 2022 tax rate the amended tax rate will included in the adopting ordinance scheduled for adoption at the September 14th meeting.

	Proposed	Updated with Debt Sale	Difference
Debt Service Fund Budget	\$8,521,915	\$8,500,108	\$21,807
I&S Tax Rate	\$0.173996/\$100	\$0.173551/\$100	\$0.000445/\$100
Total Tax Rate	\$0.615105/\$100	\$0.614660/\$100	\$0.000445/\$100
Average Homeowner Tax	\$2,150.8863	\$2,149.08	\$1.55

Mayor Chow opened the Public Hearing. Since there were no comments and/or questions, Mayor Chow closed the Public Hearing.

Council Member Willesen asked Mr. Glickman if he could update the graph showing the proposed FY 2022 tax rates with the actual rates from the other entities and a new comparison provided for review. Mr. Glickman advised that this information may be available if those the various entities make those rates available. The tax rate process for other entities differs from the city tax requirements. Council Member Willesen added that he always looks for the total tax rate and in some cases the Town’s residents could pay overall less taxes than in previous years.

Mr. Glickman then presented the Annual Budget for the Fiscal Year commencing October 1, 2021 and ending September 30, 2022. He advised this is the first public hearing for the Annual Budget, with the second public hearing scheduled for the September 14th meeting. The proposed FY 2022 budget appropriation of \$87,768,968 consisting of \$83,019,047 for operating expenditures, \$4,031,561 for capital improvements, \$384,000 for transfers, and \$334,000 for one-time decision packages.

- **Staffing Summary:** This budget reflects the addition of one full-time employee, Code

Enforcement Officer, for a total of 300.8 employees. There is a re-allocation of employees from one fund to another.

- **General Fund Overview (excluding transfers):** Ad valorem taxes \$19.7M and increase of \$0.3M. Sales tax \$13.7M.

	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:** Funding Source – General Fund Transfers. Expenses = Special Area Study \$0.14M; Trails & Bicycle Path Master Plan \$0.66M; and Facility Study & Consolidation \$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)

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

	FY 2021 Budget	FY 2022 Proposed	\$0.1M
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 (excluding transfers):** Funding Sources – Ad Valorem \$1.1M; and Hotel Fund Transfer \$0.38M. Expenses – Incentives \$0.1M; Operations \$1.0M; and Tourism \$0.8M.

	FY 2021 Budget	FY 2022 Proposed	\$0.1M
Total Revenue	\$1.2M	\$1.2M	-
Total Operating Expense	\$2.0M	\$2.0M	-
Revenue to Expense	(\$0.8M)	(\$0.8M)	

- **Utility Operating Fund:** Water Sales \$77M; Water Purchases \$4.2M; Wastewater Charges \$6.35M, Wastewater Treatment \$3.7M; Operations \$5.0M; Debt Service \$1.5M.

	FY 2021 Budget	FY 2022 Proposed	\$0.1M
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)

- **Stormwater Operating Fund:** Drainage Fee \$2.6M. Rates increasing per established schedule. Expenses \$1.6M for operations only and debt payment of \$0.5M

	FY 2021 Budget	FY 2022 Proposed	\$0.1M
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)

- **Airport Operating Fund:** Funding Sources – Service Fees \$1.3M, Leases \$5.6M; Expenses – Operations \$4.2M, Debt \$0.9M.

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

Mayor Chow opened the Public Hearing. There were no comments and/or questions, therefore Mayor Chow closed the Public Hearing.

Adjourn Meeting

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

TOWN OF ADDISON, TEXAS

Joe Chow, Mayor

ATTEST:

Irma G. Parker, City Secretary