



Answers to Council Questions – May 23, 2023

Item #2: Present and discuss the Town of Addison Fiscal Year 2023 Second Quarter Financial Report.

Question: Can we please get some thoughts on why sales tax collections have been done for each of the last 5 months?

Response: Of the seven months of sales tax data we have received for FY 2023 (one month is not shown on the quarterly financial report) four months, in total, have been less than FY 2022 and three months have been more than FY 2022. When we look at just the current period collections over the seven months, FY 2023 has exceeded FY 2022 by approximately \$20k. Current period collections are sales tax returns that were filed and payments sent to the State Comptroller in the month they were due. In FY 2022, there were significant Audit Collections and Prior Period Collections when compared to FY 2023.

Audit Collections are when the State Comptroller's Office allocates sales tax from prior periods that were either not reported, under reported, or reported to the incorrect local jurisdiction. Prior Period Collections are when a sales tax payer files their sales tax return and remits payment to the State Comptroller in a period after it was due. In FY 2022, through seven months, Audit Collections were approximately \$200k more than FY 2023 and Prior Period Collections were approximately \$110k more than FY 2023. Some of the Audit Collections difference can be attributed to reallocation of sales tax from a payer that was incorrectly reporting to Addison until the Summer of 2022. Through seven months of FY 2023, we anticipate sales tax collections to total over \$15.2M by fiscal year end, or exceed the original budget by over \$800k.

Item #3: Present and discuss the proposed 2023 General Obligation Bonds and 2023 Certificates of Obligation.

Question: From what I can understand, it looks like the 2019 Bond Package Proposition bonds/COs have not been borrowed per page 119 (slide 6) of the agenda packet. Therefore, the tax rate impact has not been realized. Can we get a quick overview / summary of this and the reasons behind it? (Covid, etc.)

Response: The two slides on pages #6 and #7 may be confusing due to slide #6 showing the cumulative tax rate impact that was anticipated for each of the 2019 propositions and "Committed" projects whereas in the current estimate on slide #7 what has been issued from the 2019 propositions and for "Committed" projects in prior years is included in the "Existing" column.

To date, and including the proposed 2023 plan of issuance, the Town has issued approximately \$33.748M from the 2019 General Obligation Bond Authorization. The 2019 bond program anticipated that through the 2023 General Obligation Bond issuance the



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Town would have issued \$45.52M of the \$70.6M total 2019 authorization. The major difference between the 2019 timeline and what has actually occurred is the issuance of General Obligation Bonds for the reconstruction of Airport Parkway totaling \$9.4M which was anticipated to be fully issued by 2023, of which \$1.13M has been issued to date, and Monfort Drive which was anticipated to be fully issued, \$7.3M, in 2023, but we are proposing to only sell the funds for design, \$900k, in 2023. Conversely, the Les Lacs Pond project has moved quicker than anticipated by the 2019 Bond Program and has been fully issued to date, when the 2019 bond program anticipated that \$1.955M would remain to be issued until 2024. In total the I&S tax rate difference between what has been issued to date (including the 2023 plan of issuance) and what was anticipated in 2019 for the 2019 bond program is \$0.018759/\$100.

In addition, the 2019 Bond Program tax rate analysis anticipated that by 2023 the Town would have issued \$3M in General Obligation Bonds from the 2012 bond authorization for the parking garage near the transit-oriented development and \$3.25M in Certificates of Obligation for the Addison Grove Development public infrastructure. Neither of these have been issued to date but will be evaluated periodically based on need. It was also anticipated in 2019 that the Town would not need to issue any new Certificates of Obligation for the Vitruvian Park public infrastructure until 2025, however, based on need the Town is proposing to issue \$2M in 2023. The net difference of \$4.25M would be equal to \$0.006270/\$100 in terms of I&S tax rate based on the 2019 bond program.

If we reduced the 2019 anticipated tax rate of \$0.246500/\$100 by differences for what we have actually issued (or are planning to issue) through 2023 the total I&S tax rate would be anticipated to be \$0.221471/\$100, which is far above the \$0.162200/\$100 we anticipate now. There are several factors that are responsible for the difference of \$0.059271/\$100 in the I&S tax rate listed below:

- Taxable value of properties in Town has exceeded expectations from the 2019 bond program.
- Interest rates for actual bond issuances have been lower than expected in the 2019 bond program.
- The Town issued refunding bonds in 2020, 2021 and 2022 that were not anticipated in the 2019 bond program that have generated over \$4M in net present value savings.
- Beginning with the fiscal year 2023 budget the Stormwater Fund began contributing approximately \$400k to the debt service fund annually to service General Obligation bonds issued for Stormwater Improvements.
- Beginning with the fiscal year 2023 budget the Airport Fund began contributing approximately \$500k to the debt service fund annually to service General Obligation issued for Airport land acquisition.



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Item #8: Consider action on a Resolution approving a First Amendment to Ground Lease between the Town of Addison and Mercury Air Center – Addison, Inc. (d/b/a Atlantic Aviation FBO) and authorizing the City Manager to execute the necessary documents.

Questions:

If approved and completed, when would Atlantic Aviation be required to complete Extended Term #1 (i.e., Demolish the building improvements at 4451 Glenn Curtiss Drive and construct a larger jet hanger)?

Response: Atlantic is to complete construction required for the amended Extended Term #1 by September 30, 2024. The proposed amendment would defer the demolition of the existing hangar and construct of a new one in its until Extended Term #2 in favor of renovation of the terminal building and reconstruction of 230,000 square feet of aircraft apron (which is currently required for Extended Term #2). Effectively, Atlantic is switching the order of construction phases.

Why does Atlantic Aviation need approval from City Council for this item?

The requested action requires an amendment to the ground lease, as directed by the City Attorney. Such action requires the consideration and consent of the City Council.

What is Atlantic Aviation looking to achieve by amending the Ground Lease?

Atlantic is requesting this amendment because their existing aircraft apron is deteriorating faster than anticipated and they desire to renovate the new terminal sooner to remain competitive.

Item #11: Present, discuss, and consider action on a Resolution approving a construction services agreement with Dean Electric, Inc. for Vitruvian Park Fitness Court and authorizing the City Manager to execute the agreement in an amount not to exceed \$234,959.

Question: Please provide the total costs of the 38'x37'-7" outdoor fitness court in a per square foot basis for: 1) cost of the original location. 2) cost of the Vitruvian location. Costs should include design, fitness equipment, construction and any grants applied.

Response: Staff has provided the requested information below. Please note the Les Lacs location was part of the Redding Trail Drainage and Amenities project, and as a result, benefitted from a magnitude of scale savings related to integration into a larger project. Staff also selected the Les Lacs location due to the ideal site conditions, this significantly reduced construction costs for this site.



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Task	Les Lacs Location	Vitruvian Park Location	Notes
Survey	\$750	\$7,000	Vitruvian site required location of the Flood Plain and Floodway on Site and required a larger survey area to pick up site utilities and grades to address ADA needs.
Geotech		\$4,500	Les Lacs Project utilized Geotech conducted for Sherlock project
Design	\$5,000	\$7,700	The concrete slab for the Les Lacs Location was more of a standard design provided by the manufacturer. The Vitruvian Location required additional design work to address site conditions such as topography, utilities, and the flood plain / floodway.
Additional Design / Reports	-	\$20,900	<ul style="list-style-type: none"> - Location of the Flood Plain - Design of the Thickened Edge / Helical Piers - Separate set of plans for bidding.
Site Work – Prep, Demo, ADA treatments, Restoration,	-	\$93,374	Les Lacs Location landscape restoration was to be completed by the Parks Department following construction and was never priced in detail as restoration was minimal.
Concrete Slab	\$42,987	\$111,585	Les Lacs Location had no utility, grade, or flood plain conflicts. Vitruvian Location required a perimeter grade beam, 6" curb and guardrail due to existing grades. Geotech report indicated Vitruvian location was on 4' of unclassified fill which required the addition of helical piers. Construction of the Vitruvian location adjacent to the flood plain also required additional erosion control measures. Construction methods for the Vitruvian location required more landscape restoration than the Les Lacs Location
Fitness Equipment Purchase	\$124,265	\$124,265	Council approved a resolution on September 14, 2021 to purchase the Outdoor Fitness Equipment. The purchase amount reflects an offset of \$25,000 grant that was also approved by a resolution the same date.
Project Contingency	\$30,000	\$30,000	Will be applied towards installation of the equipment.
Total	\$203,002	\$399,324	
Fitness Court Price / SF*	\$144	\$284	

Note: SF of construction site is larger than the fitness court footprint and is not equal for each location.

What was the projected construction complete date for the AAC location version? The total project was estimated to take 90 days. The contractor did not break out the specific time for construction of the fitness court and this was never requested by staff because



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staff was directed to look at alternative sites.

What is the projected construction complete date for the Vitruvian location if approved? 65 days was included in the contractor's bid and does not include the time needed for equipment installation, which is approximately two weeks. Note that construction days do not include rain delays.

If this project was to be cancelled completely, what are the total out of pocket expenses the town has incurred to date? \$169,415.

Could we recoup cost for equipment? We could attempt to auction off the equipment and recoup pennies on the dollar for the costs.

Can the grant money be used for another project? If the Town were to move the equipment to another location in Addison that meets the grant criteria, the grant obligations would be fulfilled. If the Town were to not install the equipment, Addison may be required to refund the \$25,000 grant.