

DRAFT
OFFICIAL ACTIONS OF THE
ADDISON CITY COUNCIL

May 23, 2023

Addison Conference Centre – Council Chambers
15650 Addison Road, Addison, TX 75001
6:00 p.m. Executive Session & Work Session
7:30 p.m. Regular Meeting

Present: Mayor Bruce Arfsten; Mayor Pro-Tempore Eileen Resnik; Deputy Mayor Pro-Tempore Guillermo Quintanilla; Council Member Nancy Craig; Council Member Darren Gardner; Council Member Dan Liscio; Council Member Marlin Willesen

Call Meeting to Order: Mayor Arfsten called the meeting to order at 6:00 PM.

Pledge of Allegiance – U.S. Flag and Texas Flag: Mayor Arfsten led the Pledge to the U.S. and State of Texas Flags.

EXECUTIVE SESSION

Closed (Executive) Session: In accordance with Texas Government Code 551.071 (b) Advice from the City Attorney regarding:

- Zoning Case 1868 SUP

Mayor Arfsten closed the Open Meeting at 6:01 PM to convene the City Council into Closed Session.

Reconvene into Regular Session: In accordance with Texas Government Code, Chapter 551, the City Council will reconvene into Regular Session to consider action, if any, on matters discussed in Executive Session.

Mayor Arfsten reconvened the City Council into Open Session at 7:51 PM. There was no action taken as a result of the Closed Session.

WORK SESSION

1. **Discuss meeting questions, responses, and handouts.** *[This item was WITHDRAWN by Mayor Arfsten. No discussion/action]*
2. **Present and discuss the Town of Addison Fiscal Year 2023 Second Quarter Financial Report.** *[Steven Glickman, Chief Financial Officer]*

The Town of Addison's financial policies require the publication of a financial report 60 days subsequent to the end of the fiscal quarter. This report covers the financial performance through the second quarter for Fiscal Year 2023 (January 1, 2023 - March 31, 2023). Key highlights for the second quarter include:

- General Fund revenue totaled \$34.7 million, which is 78.4 percent of the fiscal year budget.
- General Fund expenditures totaled \$20.5 million, which is 46.3 percent of the fiscal year budget.
- Sales tax collections totaled \$7.8 million, which is 54.1 percent of the fiscal year budget.
- The Hotel Fund had revenue of \$3.1 million, an increase of \$1.0 million from this time a year ago, and expenditures of \$1.8 million.
- Performing Arts expenditures are at 82.1 percent due to the payment of the WaterTower Theatre grant.
- Special Events revenues totaled 29.4 percent and expenses totaled 4.0 percent of the fiscal year budget because of the timing of events.
- Airport Fund operating revenue totaled \$3.6 million or 54.1 percent and operating expenditures totaled \$2.6 million or 47.0 percent of the fiscal year budget.
- Utility Fund operating revenue totaled \$7.2 million, or 46.8 percent and expenditures totaled \$8.1 million or 51.8 percent of the fiscal year budget.
- Stormwater Fund revenue and expenditures are in line with historical averages.

The Quarterly Investment Report for Quarter 2 of Fiscal Year 2023 was also provided for information purposes. This report has been prepared in accordance with state law and the Town's Financial Policies.

Investment Report Summary

	Book Value	Market Value	Interest Revenue	Weighted Average Yield-to- Maturity
3/31/2023	142,777,091	138,083,601	882,482	2.83%
12/31/2022	131,115,551	125,350,795	616,157	2.25%
Change	11,661,540	12,732,806	266,325	0.57%
% Change	8.89%	10.16%	43.22%	25.38%

3. **Present and discuss the proposed 2023 General Obligation Bonds and 2023 Certificates of Obligation.** *[Steven Glickman, Chief Financial Officer]*

The Town's proposed 2023 bond issuance program includes a total issuance in the amount of \$9,500,000 consisting of \$5,000,000 in General Obligation Bonds and \$4,500,000 in Certificates of Obligation. Since 2012, Addison voters have approved several bond programs to fund various

projects throughout Town. Once voter approval is secured, the City Council is authorized to issue general obligation bonds to pay for projects.

The proposed 2023 General Obligation Bond issuance totals \$5,000,000 and consists of \$5,000,000 from the authorized \$32,602,000 (\$0 issued to date), from Proposition B of the 2019 Bond Election for street improvements. The funds would be used for the reconstruction design of Monfort Drive (\$900,000) and Quorum Drive (\$4.1M). Design contracts for both projects are anticipated to be brought before Council in late spring or early summer of 2023.

The proposed 2023 Certificates of Obligation issuance totals \$4,500,000 and consists of the following:

- \$2,000,000 for public infrastructure improvements for the Vitruvian Development. The amended and restated master facilities agreement with UDR, that was approved by Council on June 25, 2013, commits the Town to approximately \$49.9M in public infrastructure investment. To date, approximately \$13M of the total commitment remains. After this proposed issuance, approximately \$11M of the total commitment will remain.
- \$2,500,000 for Airport Fund capital improvement projects supported and serviced by Airport Fund revenue. These projects include reconstruction of Jimmy Doolittle Road and the east side airport service road.

With the proposed issuance, and accounting for anticipated growth in taxable property values, the Interest and Sinking (I&S) tax rate is estimated to decrease from \$0.164740/\$100 in Fiscal Year 2023 to \$0.162192/\$100 in Fiscal Year 2024. The 2019 Bond Committee estimated that for Fiscal Year 2024 the I&S tax rate would be approximately \$0.2465/\$100, which is almost 52% higher than the current estimate for Fiscal Year 2024.

4. **Present and discuss an update on Taste Addison 2023** [*Abby Morales, Director of Special Events*]

Staff shared an update to the Council on the upcoming Taste Addison event scheduled for June 2-3, 2023. The presentation included information regarding tickets, entertainment, activities, participating restaurants, and media coverage.

REGULAR MEETING

Announcements and Acknowledgments Regarding Town, Activities, Council Meeting(s) and Events

Requests for clarification of agenda items listed on this agenda. *This section includes questions from members of the City Council direct to staff on any item listed on this agenda. Answers are compiled in a report and provided to the City Council and members of the public by clicking on Exhibit 1 of this item below. The link found within the document will provide access to the supporting documentation. The report will be available prior to the start of the meeting. Any handouts distributed at the meeting will also be uploaded to the below link by 12:00 pm on the business day following the meeting.*

Exhibit 1: Council Questions and Answers 5/23/2023 Meeting.

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.*

Speaker: Paul Walden, 14806 LeGrande Drive, requested that the Town follow and enforce laws regarding election petitions/signs and the use of the Town’s logo.

CONSENT AGENDA: *All items listed under the Consent Agenda are considered routine by the City Council and will be enacted by one motion with no individual consideration. If individual consideration of an item is requested, it will be pulled from the Consent Agenda and discussed separately.*

5. **Consider Action on the Minutes from the April 25, 2023 City Council Regular Meeting.**
6. **Consider Action on the Minutes from the May 17, 2023 City Council Special Meeting.**
7. **Consider action on RESOLUTION R23-047 appointing a voting member and alternative representative of the advisory committee for the Trinity River Authority's Central Wastewater Treatment System.**
8. **Consider action on RESOLUTION R23-048 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.**
9. **Consider action on RESOLUTION R23-049 consenting to the sale and assignment of the ground leasehold at 4575 Claire Chennault Drive from Claire Chennault Partners, LLC to RR Investments, Inc. (d/b/a Million Air - Dallas) and authorizing the City Manager to execute all necessary documents.**
10. **Consider action on RESOLUTION R23-050 supporting a Dallas Area Rapid Transit application to the Texas Department of Transportation's 2023 Transportation Alternatives Set-Aside call for projects.**

Mayor Arfsten called for any requests for individual consideration of any item on the *CONSENT AGENDA*. Two requests were made to remove an item from the *CONSENT AGENDA* for separate discussion: (1) Deputy Mayor Pro-Tempore Quintanilla requested Item #7, and (2) Council Member Willesen requested Items #8 and #10.

Mayor Arfsten called for a Motion to Approve *CONSENT AGENDA* Items #5, #6, and #9 as presented.

MOTION: Council Member Gardner moved to approve *CONSENT AGENDA* Items #5, #6, and #9 as presented. Council Member Willesen seconded the motion. Motion carried unanimously.

***** Consent Agenda Item #7 *****

Director of Public Works & Engineering Shannon Hicks provided history as requested by Deputy Mayor Pro-Tempore Quintanilla.

MOTION: Deputy Mayor Pro-Tempore Quintanilla moved to approve CONSENT AGENDA Item #7 as presented. Council Member Willesen seconded the motion. Motion carried unanimously.

***** Consent Agenda Item #8 *****

Assistant Director of Real Estate Bill Dyer provided information and history of Mercury Air Center – Addison, Inc. (dba Atlantic Aviation Fixed Base Operator) as requested by Council Member Willesen.

MOTION: Council Member Willesen moved to approve *CONSENT AGENDA* Item #8 as presented. Mayor Pro-Tempore Resnik seconded the motion. Motion carried unanimously.

***** Consent Agenda Item #10 *****

Assistant Director of Parks Joe Pack provided information regarding the supporting resolution for DART to the Texas Department of Transportation 2023 call for grants as requested by Council Member Willesen.

MOTION: Council Member Willesen moved to approve *CONSENT AGENDA* Item #10 as presented. Mayor Pro-Tempore Resnik seconded the motion. Motion carried unanimously.

REGULAR ITEMS

11. **Present, discuss, and consider action on RESOLUTION R23-051 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.** [Joe Pack, Assistant Parks Director]

On September 14, 2021, the Council approved a Resolution authorizing the purchase of Outdoor Fitness Court equipment with the intent of installing the equipment at Les Lacs Park. Based on resident input and Council direction, the location of the Outdoor Fitness Court was changed to Vitruvian Park.

The change to a new location necessitated amendments to the professional service agreements for the fitness court slab design and other engineering aspects of the project. The discovery of the unclassified fill at the new site requires the use of helical piers under the fitness court slab in lieu of a traditional slab on grade. The helical piers and other factors associated with the new location will increase the cost of the project.

The Vitruvian Park Fitness Court project was issued for competitive sealed proposal on Periscope March 20, 2023, under Bid Number 23-67. Four proposals were received on April 13, 2023 and the tabulation of those proposals is shown below.

VITRUVIAN PARK FITNESS COURT CONSTRUCTION BID TABULATION				
CONTRACTOR	DEAN ELECTRIC	APR GROUP	FAIN CONSTRUCTION	NORTH ROCK CONSTRUCTION
BASE BID	\$234,959	\$239,953	\$258,760	\$309,632
CONSTRUCTION DAYS (CAL)	65 DAYS	52 DAYS	120 DAYS	60 DAYS

Staff scored the proposals using information supplied by the contractors and deemed the offer from Dean Electric to represent the best value. They have also performed exceptionally well on two previous projects for Town staff.

The additional services required for the Vitruvian Park location have exhausted the available bond funds to construct the fitness court slab. Staff recommends this project be funded by an end-of-year budget amendment from Self-Funded Project Funds.

MOTION: Council Member Willesen moved to approve Resolution (**R23-051**) approving the construction services agreement with Dean Electric, Inc. Council Member Craig seconded the motion. Motion carried unanimously.

12. **Present, discuss, and consider action on RESOLUTION R23-052 approving the Early Termination of Ground Lease #0200-3504 between the Town of Addison and RR Investments, Inc. (d/b/a Million Air Dallas), located at 4550 Jimmy Doolittle Drive on the condition and subject to Council approving a replacement Ground Lease; and authorizing the City Manager to execute all necessary documents.** *[Bill Dyer, Assistant Airport Director - Real Estate]*

In June 2021, Addison Airport advertised a Request for Qualifications (RFQ) #21-77 for the redevelopment opportunity of the 1.8-acre unimproved parcel of airport land adjacent to the US Customs / Airport Administration offices. There was not enough interest to lead to further negotiations. In 2022, the airport reposted the 1.8-acre site's availability and received three favorable responses, including one from RR Investments, Inc. (RRI). RRI has been a tenant of good standing at Addison Airport since the early 1980s while doing business as Million Air Dallas.

Around the same time, RRI was the successful bidder and acquired the ground leasehold interests at 4550 Jimmy Doolittle Drive. This is a 2.25-acre parcel of airport land and improvements that is adjacent to the 1.8-acre unimproved parcel. The Town consented to this sale and assignment of leasehold interests in September 2022.

In part because of RRI's acquisition of the 4550 Jimmy Doolittle property, RRI became the preferred prospect to develop the 1.8-acre parcel next door. In October 2022, the Town entered a Letter of Intent with RRI to exclusively negotiate a new ground lease agreement to replace and supersede the underlying ground lease for 4550 Jimmy Doolittle. The new agreement would, among other things, include the above-described 1.8-acre unimproved vacant parcel of airport land and allow RRI to expand their commercial aeronautical facilities with the intent of enhancing their international operations.

RRI is requesting the Council approve this new ground lease agreement to include both properties so RRI can construct heavy aircraft apron to support their FBO operations and potentially to build a private international terminal building next to the US Customs offices.

Salient terms and conditions of the proposed ground lease and early termination agreement are discussed in the presentation.

Assuming RRI exercises their option for term extension, the estimated overall valuation of the proposed ground lease arrangement today is \$6,825,000 when considering RRI's minimum capital investment of \$5,500,000 plus the net present value (NPV) of the projected annual rentals over the term of \$1,325,000 when discounted at 10%.

RR Investments, Inc. 4550-4553 Jimmy Doolittle Dr.	
Airport Land Area (acres)	4.05
Annual Ground Rental (Stabilized)	\$132,875
Projected Cashflow Over Term (rd)	\$6,827,000
Net Present Value (Disc. @ 10%) (rd)	\$1,325,000
Tenant Minimum Capital Investment	\$5,500,000
Overall Projected Valuation (rd)	\$6,825,000

The proposed ground lease arrangement with RRI:

- Achieves the Town's Strategic Pillars and Milestones,
- Is consistent with the 2013 Airport Strategic Plan and 2014 Airport Master Plan,
- Enhances the Airport's annual revenue, and
- Increases the overall value of the Airport and community.

Million Air – Dallas President and COO Don Rickerhauser and VP and Manager of FBO Operations Jeff Zimmerman were present at this meeting and introduced to the City Council.

MOTION: Council Member Gardner moved to approve Resolution (**R23-052**) approving the Early termination of Ground Lease #0200-3504 with RR Investments, Inc. (dba Million Air Dallas as presented. Council Member Willesen seconded the motion. Motion carried unanimously.

Adjourn Meeting

There being no further business to come before the City Council, Mayor Arfsten adjourned the meeting at 9:14 PM.

TOWN OF ADDISON, TEXAS

Bruce Arfsten, Mayor

ATTEST:

Irma G. Parker, City Secretary