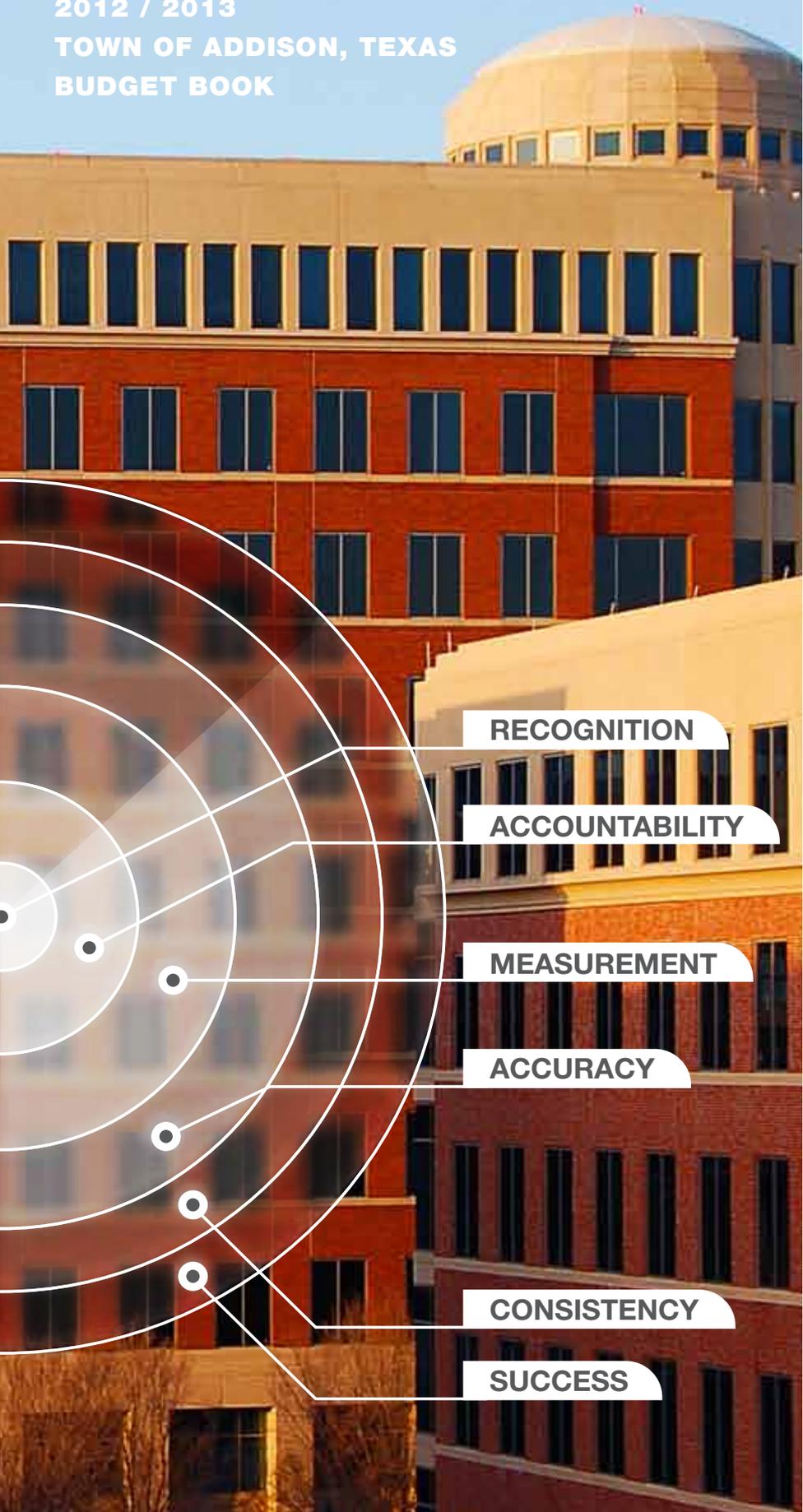


*Addison!*

2012 / 2013

TOWN OF ADDISON, TEXAS  
BUDGET BOOK



RECOGNITION

ACCOUNTABILITY

MEASUREMENT

ACCURACY

CONSISTENCY

SUCCESS

YOUR BUSINESS

[KNOW]





**“IT'S THROUGH  
CURIOSITY & LOOKING  
AT OPPORTUNITIES  
IN NEW WAYS THAT  
WE'VE ALWAYS  
MAPPED OUR PATH.”**

**— MICHAEL DELL, DELL**

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# How To Read This Document

## Welcome!

You are holding the published Town of Addison budget for the fiscal year beginning October 1, 2012 and ending September 30, 2013. This document has been specially prepared to help you, the reader, learn of the issues affecting the Addison community. Many people believe a city budget is only a financial plan. Although you can learn much of the Town's finances from these pages, the 2012-2013 budget document has been designed to serve other functions as well. For example, it is a policy document that presents the major policies which guide how the Town is managed. It is an operations guide which gives the public, elected officials, and Town staff information pertaining to the production and performance of individual Town operations. The document is also designed as a communications device in which information is conveyed verbally and graphically.

## Budget Format

The document is divided into four major sections: Introduction, Financial/Operational, Town Chronicle, and Appendices. The Introduction section contains the City Manager's letter which is addressed to the City Council and explains the major policies and issues which affected development of the 2013 fiscal year Town budget. The section also contains a statement of the Town's vision and goals, the press release that accompanied the ordinance adopting the budget, the Town's organization and staffing chart, and the summary of all financial statements. Liberal use is made in this section of footnotes, which direct the reader to sections of the document that more fully describe programs or projects.

The Financial/Operational section describes various aspects of the Town's organization. This information is grouped first by fund and then by department. Like many local governments, the Town uses the fund method of accounting. Simply stated, a fund is a unit of the Town which tracks the application of various public resources. For example, the Hotel Fund is established to keep track of the use of the hotel/motel occupancy tax. Most people are particularly interested in the General Fund which is comprised of most of the Town's operations like Police, Fire, and Parks. Financial statements, including the adopted 2012-2013 budget, are presented for every fund. The statements show the fund's financial condition over a number of years. Like the checking account statement

you receive from your bank, the statement shows beginning balances, revenues, expenditures, and ending balances for each year. Each fund statement begins with the actual audited amounts for the 2010-2011 fiscal year. The ending balance of the actual year becomes the beginning balance of the estimated 2011-2012 fiscal year. The estimated column reflects projected amounts compared to the amounts included in the original adopted budget for the 2011-2012 fiscal year. The estimated ending fund balance of the prior fiscal year then becomes the beginning balance for the 2012-2013 budget year. Accompanying the statements are narratives and graphs which describe the major features of that particular fund. Within each fund there may be one or more departments which further describe a component of the Town's organization. Each department is presented with its mission statement, a listing of the unit's accomplishments for the previous fiscal year, and operational objectives for the 2013 fiscal year. Selected service levels for each department are presented graphically. Actual prior year data and estimated fiscal year 2012 data is used for graphs and charts. The funding for each department, as well as the unit's staffing, are summarized over a number of years.

The Town Chronicle reports on issues or special projects which affect the Addison community. The Chronicle divides the Town into six sectors and describes the important events which are happening, or are scheduled to happen, within each sector. The Chronicle also provides statistical information about the Town of Addison.

Finally, various appendices are presented towards the end of the document which more fully describe the budget process, the Town's major revenue sources, the long-term financial plans for the General, Hotel, Airport, and Utility Funds and a capital project summary. Also included are the Town's financial policies, a glossary of terms, the Town's compensation and merit pay plans, and departmental organization charts.



This budget publication is the product of processes used by the City Council and Town staff to create an environment that cultivates innovation to maintain a dynamic, progressive quality urban atmosphere in which to work, play and live.

The Honorable Mayor and City Council,

One of the things we have learned over the last number of years is the importance of knowing all aspects of every business that the Town is in and we are still perfecting that process. To assist us, we have implemented a program known as the P3 system to help track the progress of projects and identify who is responsible for our success in achieving our goals and strategies for all of those businesses we are trying to perfect.

The first step to success is to know all of the details about the businesses we are in. Ensuring a high quality experience everyday in each of these areas of service is a complicated process. We are in the public safety and emergency services business. These are our two largest departments and require the largest expenditure of funds. We own an airport, a water distribution and storage system, a sewer collection system, and a parks and recreation system. We have streets to maintain as well as traffic signals, median lighting, and landscaping that have to be tended. We pick up brush and bulk items each week, and we always try to find homes for stray dogs and cats. We inspect construction projects to make sure the buildings are constructed safely and properly, and we inspect restaurants and teach safe food handling methods.

We do a thousand other things and, this year, we are going to focus on how and why we do them with an emphasis on getting more detailed about each of the functions associated with the business of governance and service delivery.

The other major initiative we will be pursuing is the implementation and construction of the various projects that

are to be supported by the sale of \$34.8 million in bonds and certificates of obligation that occurred in late 2012. There is \$5 million for replacement of our public safety radio system that we share with the cities of Carrollton, Farmers Branch, and Coppell. We have \$10.8 million for placing the utilities underground on Belt Line and \$10 million for public infrastructure for the next phases of Vitruvian. There is \$5 million for Belt Line signage and \$3 million for streets land acquisition. We have \$2 million for installing a WiMaxx Network and \$3.5 million for park and pedestrian connectivity projects. It will be challenging to get all of this work under way this year, but we are excited about that opportunity.

These projects are designed to promote future growth in Addison. We have been successful in making these kinds of strategic investments in the past in order to spur developments like Vitruvian Park, one of the premier multi-use projects in the country. The completion of the Fiori building in April, which is the third multi-family building in the Vitruvian neighborhood, will add a new dimension of living to Addison. The location of these very high-end apartment homes was driven by the terrific views and access they are going to have to the creek and public park that the Town financed as a part of phase one of Vitruvian. This investment approach was the same one we followed for our other award-winning development, Addison Circle. In both of these cases, the financial payout for the Town has been extraordinary in comparison to the investment.

We also rebuilt the eastern section of Sojourn Drive and upgraded a water line to help encourage the continued development of the Methodist Hospital campus on the north end of Addison. The new medical office building will open in the spring of

2013 and will enable doctors using the hospital to locate their offices on site.

The 2012-13 budget process began with the City Council reaffirming their value proposition and ended with the establishment of a work program for the year that maintained the tax rate from the previous year. We did experience an increase in appraised values of 3.5% and an increase in sales tax receipts of over 15%. We are hopeful that this is an indication of a general improvement in the economy, but we are not entirely sure. The growth we are seeing has been in the areas of professional services and restaurant sales. The increases in other revenues were not as substantial as sales tax.

We also continue to identify opportunities for shared services with other communities and for privatization. We are now contracting out our entire fleet maintenance operation to a private purveyor that also maintains the City of Carrollton's garage operations. We are extremely pleased with this arrangement so far, but will continue to monitor this contract closely. In some instances, the economies of scale allow for better pricing from the private sector, and we are looking for those opportunities. Of course, the nature of some of the work of the public sector does not lend itself to being profitable to the private sector.

The public versus private sector dichotomy was something we talked about a lot in the budget process, and I suspect we aren't finished with that discussion. I think that is good, because through that discussion we will gain a better understanding of the challenges and opportunities that both sectors possess. That should lead to better outcomes for the Town in the long run which can have a positive influence on the work program and the budget.

The third major area of expenditure in the 2012-13 budget is for the compensation system. We responded to the economy in the past by trying to control cost. We were able, by and large, to avoid reductions in force, employee furloughs, and other negative actions regarding our employees.

We have basically the same number of employees we did 10 years ago, so we held the line on adding employees. Due to the quality of our employees, we were able to continue to provide a high level of service. We asked them to work smarter and harder, and they responded. It did create some stress in the organization,

and we are trying to address that as we go forward. We are adding a Landscape Architect, IT Programmer, Director of Infrastructure Operations & Services, and a Special Events intern this year. This should be very helpful in those areas.

We did get behind on compensation when compared to the cities with which we compete for talent. This year, the City Council allocated \$900,000 to begin addressing this issue. This was a major expression of the Council's concern and appreciation for our employees. I get countless letters and emails from citizens and others that comment into the community about the exceptional level of service they receive from our employees. That level of service and commitment to excellence is one of the primary things that distinguishes Addison from our competition. The employees of the Town define the public's perception of Addison in many ways and acknowledging their efforts is greatly appreciated.

In summary, the General Fund is looking better, and we have made some moves to continue to grow those revenues. The addition of the Economic Development operations has given more attention to filling office space, and we have had good results in that area. The Village on the Parkway redevelopment is also a major initiative that will soon show benefits from increased property and sales taxes. The new Whole Foods Store will lead that new construction effort and be followed by the AMC Theaters.

We have done major work in the Hotel Fund, but there is still a lot to do. We are hoping to complete the restructuring of Visitor Services by year's end. The purpose of that effort is to enhance accountability and revenues in an increasingly competitive market. We are boosting our sales efforts for the Conference Centre and Visit Addison and changing the business models where appropriate. We are also completing an analysis of all of our events this year. That analysis will look at how the events are meeting the Council's goals and what the events need to look like in the future. Occupancies in our hotels have improved, but it takes a long time for rates to go back up, so that is our primary challenge in that industry.

The Airport Fund is improving also, but we have major work to do on the facilities that require most of our excess revenue. A subcommittee of the Council and staff has



been working for some time on a study of best practices at general aviation airports. They are also looking at improvements and land acquisitions that would enhance our competitive position. This will be a major focus this year.

We are recommending that we conduct a rate study for water and sewer rates. It has been over five years since we last did this and we need a professional look at this revenue stream. We also have major debt rolling off for the sewer line we built jointly with Farmers Branch, and that needs to be considered in our future projections. The implementation of the Storm Water Fee has been a major work effort to get to this point. This will provide a source of funds to address a widespread group of work projects that will support present and future development.

I appreciate all of the work and countless hours that the staff and City Council dedicated to the task of setting a direction for the Town for 2012-13. One of the other themes that I want to talk more about over the coming months is the importance of good government and what that costs. The budget is our annual definition of the work program and revenues and expenditures for the community. It is sometimes difficult to know what government services should cost because we are trying to offer a wide assortment of services to a large and diverse group of customers. Most businesses don't have 100,000 customers by day and 15,000 by night every day of the year. That diversity and number of clients

makes it challenging, but also interesting and rewarding. We love serving people and we are good at it. We are good at it because our employees care about people, and they work hard.

I was recently reading about affluent people from other countries coming to the United States, because it was becoming increasingly difficult to do business in their country, and they also had concerns for their safety. I was thinking about what it will cost and what people would be willing to pay to get an ethical and safe environment back. Good governance is more important than most of us realize, until it is lost.

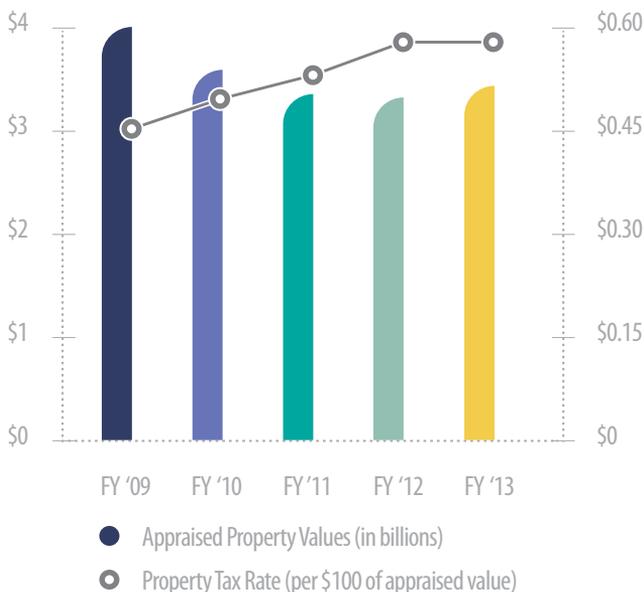
We are blessed with a community that has ample resources and leadership that is ethical and caring. I appreciate each of you for your dedication to Addison and the act of governing.

Respectfully Submitted,



Ron Whitehead | City Manager

## Appraised Values and Tax Rate







**“THE PRICE OF GREATNESS  
IS RESPONSIBILITY.”**

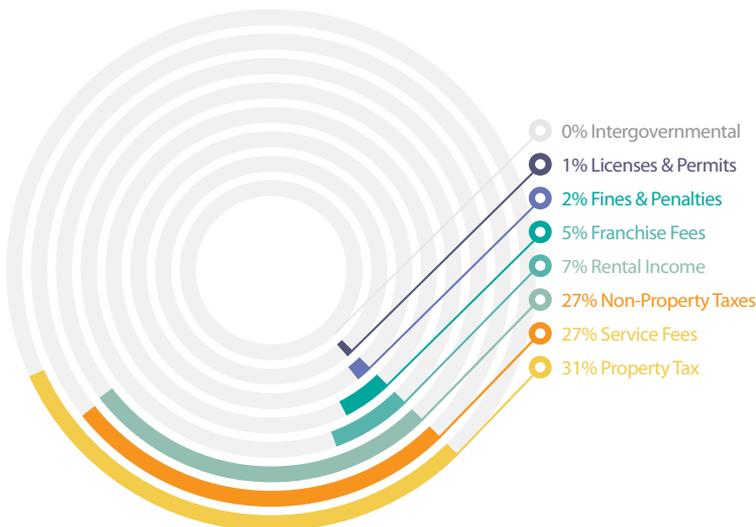
**— WINSTON CHURCHILL**

# Press Release

The following is a summary of the 2012-2013 fiscal year (FY) annual budget of the Town of Addison that was presented to the City Council at its September 17, 2012 meeting.

1. Budget appropriates \$65,868,980, an increase of \$4,095,200 or 6.6 percent greater than the previous year's budget. The increase is attributed to a higher debt payment and increase project expenditures.
2. Revenues total \$58,939,020, a net increase of \$1,978,070 or 3.5 percent compared to the 2011-12 budget. The increase is primarily due to an increase in projected sales tax collections. Significant variations in revenue sources include:
  - Property taxes are projected to be up \$796,820 from the previous year, primarily due a 3.5 percent increase over prior year values and new construction associated with the Vitruvian Park development.
  - Non-property taxes (sales, alcoholic beverage, and hotel occupancy) are up a net \$1,354,670 or 9.4 percent due to an expanding regional economy.
3. The property tax rate is proposed to remain at 58¢, the same rate as the previous year. The proposed rate will provide additional funding to support the payment of the newly issued debt, and for the costs associated with modifications in the Town's service levels. However, the Town plans to use its reserve balance to fund approximately \$1,331,340 of FY13 budgeted expenditures. The proposed rate will provide an additional \$975,650 for the Town's annual debt service. Total property tax levy is budgeted at \$18,182,390 which is 3.5 percent more than the FY2012 levy.
4. Appraised values for 2012 (used for fiscal year 2013 levy) total \$3,134,894,878, an increase of 3.5 percent from certified 2011 values. With the proposed tax rate, the city property taxes paid by the average homeowner in Addison will total \$1,265.53 or \$10.49 less than last year's average.
5. Total staffing (all funds) is at 260.2 FTE (full-time equivalent), a net decrease of 1.0 FTE in workforce. Aside from staffing associated with Modified Level of Service requests, changes to staffing are:

## All Funds Revenues by Type



- Addition of a Director of Infrastructure Operations & Services to manage streets, utilities and engineering.
  - Addition of a Developer for the IT department.
  - Addition of a Landscape Architect for the Parks department.
  - Addition of a Special Events Intern for the Special Events department.
- 6.** The budget provides for funding of the proposed compensation adjustment as specified by the comprehensive study performed by Waters Consulting Group. The cost of this benefit is projected at \$900,000.
- 7.** The budget includes several Modified Level of Service items that enhance operations and the quality of service provided the community. For fiscal year 2013 these items total \$2,974,090 for all funds. Significant items include:
- Website Redesign (\$200,000)
  - Addition of a Director of Infrastructure Operations & Services (\$125,000)
  - Business Intelligence Application (\$168,000)
  - Facilities Modifications for Americans with Disabilities Act Compliance (\$150,000)
- 8.** The budget envisions over \$4.1 million being spent on capital projects that include:
- Development of streets related to the Ashton Woods development (\$517,000)
  - Miscellaneous land acquisition (\$1,300,000)
  - Rehabilitation of Sojourn Drive (\$425,000)
  - Miscellaneous utilities rehabilitation projects (\$200,000)
  - Miscellaneous sewer rehabilitation projects (\$100,000)

*Note: Project amounts reflect anticipated expenditures for the year; total project budgets are greater than the amounts shown*

## All Funds Expenditures by Type



# Municipal Tax Rate Comparison

## 2013 Budget

	20.0¢	50.0¢	80.0¢
Dallas			79.7¢
DeSoto			75.74¢
Duncanville			73.7692¢
Garland			70.46¢
Seagoville			69.0853¢
Coppell			67.046¢
Cedar Hill			69.569¢
Grand Prairie			66.9998¢
Mesquite			64.0¢
Richardson			63.516¢
Carrollton			61.7875¢
Irving			59.86¢
<b>Addison</b>			<b>58.0¢</b>
Farmers Branch			52.95¢
Plano			48.86¢
Sunnyvale			40.7962¢
University Park			27.845¢
Highland Park			22.0¢

*Tax rates are expressed as cents per \$100 of taxable values.*

# Comparative Tax

## For an Average Addison Single-Family Residence

	FY2012	FY2013
<b>Dallas County</b>		
Market Value	\$275,005	272,745
Homestead Exemptions	20%	20%
Taxable Value	\$220,004	\$218,196
Tax Rate/\$100	0.62377	0.643412
Tax Levy	\$1,372.32	\$1,403.90
<b>Dallas ISD</b>		
Market Value	\$275,005	272,745
Homestead Exemptions	15,000+10%	15,000+10%
Taxable Value	\$232,505	\$230,470
Tax Rate/\$100	1.290347	1.290347
Tax Levy	\$3,000.11	\$2,973.86
<b>Town of Addison</b>		
Market Value	\$275,005	272,745
Homestead Exemptions	20%	20%
Taxable Value	\$220,004	\$218,196
Tax Rate/\$100	0.58000	0.58000
Tax Levy	\$1,276.02	\$1,265.53
<b>TOTAL TAX LEVY</b>	<b>\$5,648.46</b>	<b>\$5,643.30</b>

# Property Tax Distribution Calculations

## City Council Adopted 2012–2013 Budget

2012 Certified Tax Roll and Levy	
Appraised Valuation (100%)	\$3,134,894,878
Rate Per \$100	\$0.5800
Total Tax Levy	\$18,182,390
Percent of Current Collection	99.00%
<b>ESTIMATED CURRENT TAX COLLECTIONS</b>	<b>\$18,000,566</b>

Summary of Tax Collections	
Current Tax	\$18,000,570
Delinquent Tax	20,000
Penalty and Interest	33,350
<b>TOTAL 2012-2013 TAX COLLECTIONS</b>	<b>\$18,053,920</b>

Distribution of Tax Rate	Tax Rate	% of Total	Amount
General Fund			
Current Tax			\$10,452,740
Delinquent Tax			11,620
Penalty and Interest			19,370
Total General Fund	\$0.3368	58.069%	10,483,730
Economic Development Fund			
Current Tax			698,300
Delinquent Tax			780
Penalty and Interest			1,290
Total Economic Development Fund	\$0.0225	3.879%	700,370
Total Operations and Maintenance	\$0.3593	61.948%	11,184,100
Debt Service Fund			
Current Tax			6,849,530
Delinquent Tax			7,600
Penalty and Interest			12,690
Total Debt Service Fund	\$0.2207	38.052%	6,869,820
<b>TOTAL DISTRIBUTION</b>	<b>\$0.5800</b>	<b>100.000%</b>	<b>\$18,053,920</b>

# Fund Overview

## Governmental Funds

General Fund \$29,547,500

### Special Revenue Funds

Hotel Fund \$6,644,880

Economic Development Fund \$788,490

Combined Grant Funds \$0

Combined Other Funds \$105,400

Combined Debt Service Funds \$7,562,300

### Capital Project Funds

Street Capital Project Fund \$1,294,350

Parks Capital Project Fund \$75,000

Combined Bond Funds \$2,079,640

## Proprietary Funds

Airport Fund \$4,144,500

Utility Fund \$11,747,360

Combined Replacement Funds \$1,879,560

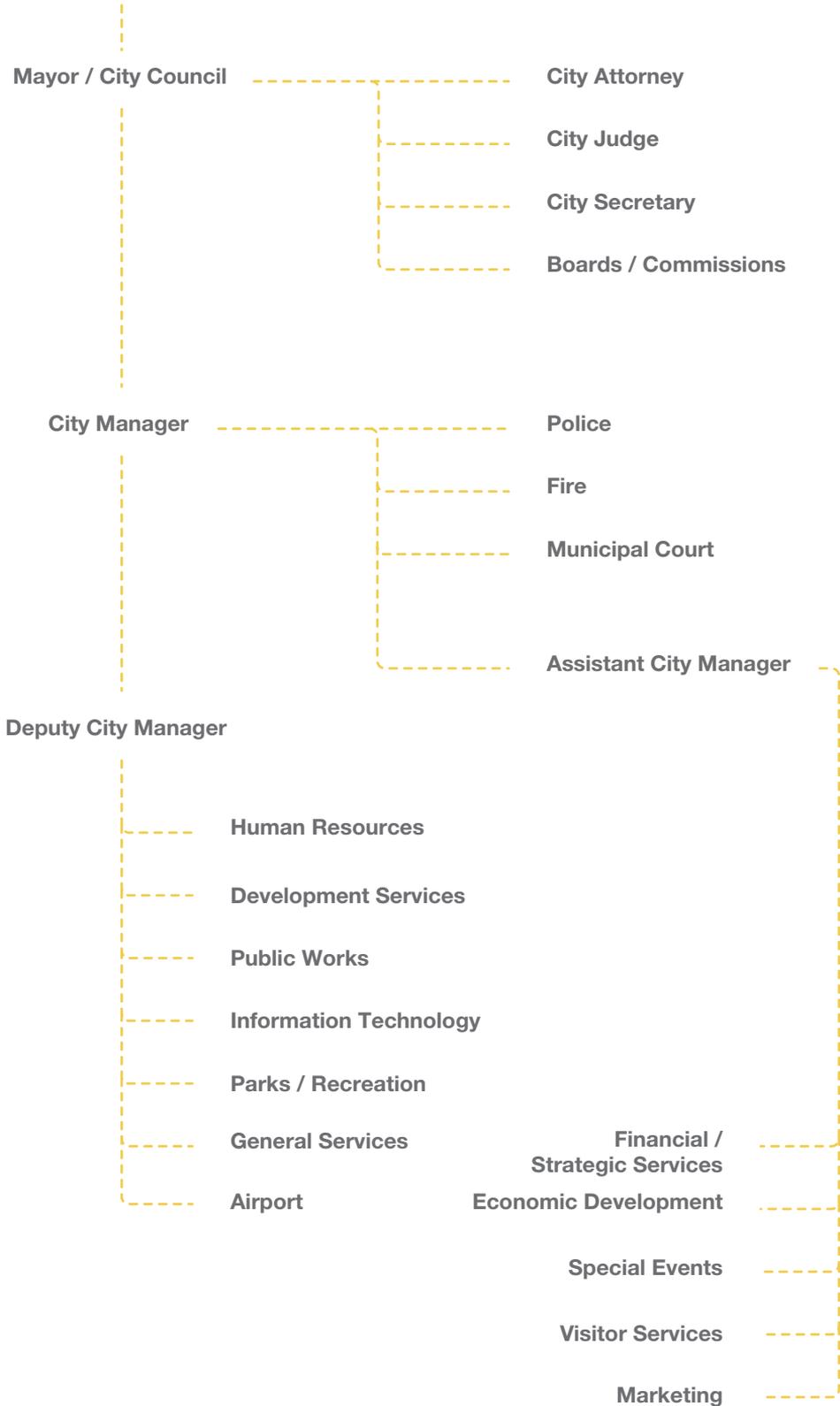
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**Total All Funds \$65,868,980**

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# Staff Organization

## Addison Citizens



# Budgeted Departmental Staffing Summary

## City Council Adopted 2012–2013 Budget

	Fiscal years ending September 30					Difference
	2009	2010	2011	2012	2013	2012-2013
General Fund						
City Manager	8.5	8.5	8.0	7.5	6.0	(1.5)
Financial and Strategic Services	10.0	9.0	8.0	8.0	8.0	-
General Services	10.0	10.0	9.0	8.0	5.0	(3.0)
Municipal Court	5.7	5.7	5.4	5.4	5.4	-
Human Resources	5.2	5.2	4.2	5.2	4.2	(1.0)
Information Technology	6.0	6.0	6.0	6.0	7.0	1.0
Police	70.3	73.3	72.3	73.8	73.8	-
Emergency Communications	13.5	13.5	13.5	13.5	13.5	-
Fire	55.0	54.0	53.0	52.0	52.0	-
Development Services	7.0	7.0	7.0	7.2	7.2	-
Streets	7.0	7.0	7.0	5.0	5.0	-
Parks	21.0	20.0	20.0	20.0	21.0	1.0
Recreation	15.6	15.6	15.6	14.6	14.6	-
<b>Total General Fund</b>	<b>234.8</b>	<b>234.8</b>	<b>229.0</b>	<b>226.2</b>	<b>222.7</b>	<b>(3.5)</b>
Hotel Fund	14.0	14.0	13.5	15.0	14.5	(0.5)
Economic Development Fund	0.0	0.0	0.0	1.0	2.0	1.0
Airport Fund	2.0	2.0	2.0	3.0	3.0	-
Utility Fund	18.0	17.0	17.0	16.0	18.0	2.0
<b>TOTAL ALL FUNDS</b>	<b>268.8</b>	<b>267.8</b>	<b>261.5</b>	<b>261.2</b>	<b>260.2</b>	<b>(1.0)</b>

All positions are shown as full-time equivalent (FTE).

# Fund Summaries

## Combined Summary of Revenues and Expenditures and Changes in Fund Balance

All Funds Subject to Appropriation (Expressed in \$000's)\*

City Council Adopted 2012–2013 Annual Budget

With Comparisons to 2011-2012 Budget and 2010-2011 Actual

	General Fund	Special Revenue Funds				Combined Debt Service Funds
		Hotel	Economic Dev.	Combined Grants	Combined Other	
Beginning Balances	\$11,068	\$1,561	\$242	\$24	\$145	\$1,642
Revenues						
Ad valorem tax	10,484	-	700	-	-	6,870
Non-property taxes	11,560	4,200	-	-	-	-
Franchise fees	2,725	-	-	-	-	-
Licenses and permits	724	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Service fees	1,436	1,700	85	-	-	-
Fines and penalties	1,047	-	-	-	39	-
Rental income	138	903	-	-	-	-
Interest and other income	53	8	2	-	10	11
Total Revenues	28,166	6,811	787	-	49	6,880
Transfers from other funds	50	-	-	-	-	570
Total Available Resources	39,284	8,372	1,029	24	194	9,092
Expenditures						
General government	6,966	-	-	-	82	-
Public safety	15,004	-	-	-	23	-
Urban development	985	-	-	-	-	-
Streets	1,811	-	-	-	-	-
Parks and recreation	4,782	-	-	-	-	-
Tourism and economic dev.	-	6,645	788	-	-	-
Aviation	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
Debt service	-	-	-	-	-	7,562
Capital projects/other uses	-	-	-	-	-	-
Total Expenditures	29,548	6,645	788	-	105	7,562
Transfers to other funds	-	620	-	-	-	-
<b>ENDING FUND BALANCES</b>	<b>\$9,736</b>	<b>\$1,107</b>	<b>\$240</b>	<b>\$24</b>	<b>\$89</b>	<b>\$1,530</b>

\* Totals may not exactly match due to rounding.

Total Revenues	\$58,939
Decrease in Fund Balance	\$6,930
<b>TOTAL APPROPRIABLE FUNDS</b>	<b>\$65,869</b>

Capital Project Funds			Proprietary Funds			Total All Funds		
Street	Parks	Combined Bonds	Airport	Utility	Combined Replacement	2012-13 Budget	2011-12 Budget	2010-11 Actual
\$1,292	\$75	\$3,366	\$1,566	\$1,538	\$6,489	\$29,007	\$30,074	\$51,096
-	-	-	-	-	-	18,054	17,257	15,803
-	-	-	-	-	-	15,760	14,405	14,564
-	-	-	-	-	-	2,725	2,597	2,760
-	-	-	-	-	-	724	728	1,210
-	-	-	50	-	-	50	248	3,543
-	-	-	732	10,667	1,335	15,954	15,867	14,276
-	-	-	-	74	-	1,159	1,262	1,104
-	-	-	3,363	-	-	4,404	4,401	4,216
3	-	10	30	(58)	42	109	196	1,026
3	-	10	4,174	10,682	1,377	58,939	56,961	58,503
-	-	-	-	-	-	620	670	1,384
1,294	75	3,375	5,741	12,220	7,866	88,566	87,705	110,983
-	-	-	-	-	711	7,758	6,763	6,709
-	-	-	-	-	1,169	16,196	14,811	14,915
-	-	-	-	-	-	985	902	866
-	-	-	-	-	-	1,811	1,804	1,612
-	-	-	-	-	-	4,782	4,456	4,743
-	-	-	-	-	-	7,433	7,287	7,998
-	-	-	3,632	-	-	3,632	3,591	4,387
-	-	-	-	7,956	-	7,956	7,645	8,633
-	-	-	395	3,275	-	11,232	9,214	9,602
1,294	75	2,080	118	516	-	4,083	5,301	16,457
1,294	75	2,080	4,145	11,747	1,880	65,869	61,774	75,922
-	-	-	-	-	-	620	670	1,384
-	-	<b>\$1,296</b>	<b>\$1,596</b>	<b>\$472</b>	<b>\$5,986</b>	<b>\$22,077</b>	<b>\$25,261</b>	<b>\$33,677</b>





**“DREAM MORE  
THAN OTHERS  
THINK PRACTICAL...  
EXPECT MORE  
THAN OTHERS  
THINK POSSIBLE.”**

**— HOWARD SCHULTZ, STARBUCKS COFFEE**

# “The Addison Way”

This phrase encompasses who we are as an organization. It is a philosophy that serves as the cornerstone of our service delivery to our stakeholders. At the heart of the “Addison Way” is staff’s charge to find a way to say “yes” to service requests rather than responding that we cannot do something. The staff searches out all options to try and meet expectations during each customer service interaction.

## Guiding Principles

The City Council sets policy direction that guides staff implementation. A critical step for the City Council in setting a policy course is to undertake their own visioning and goal setting process. This self-assessment endeavor resulted in the Addison City Council determining their Value Proposition. For fiscal year 2012-2013, the City Council decided they want Addison to continue to be known as a “Best Product” city. This means Council will set policy that promotes creativity, innovation, and a culture of excellence that will drive a clearly articulated “Addison” brand – all firmly grounded in sound fiscal policy.

## Council’s Vision

To be an attractive, thriving community that delivers the “Addison Way” with superior services, enhanced sense of community, and a safe, high-quality experience for residents, businesses, visitors, and all other stakeholders. Addison will lead the way in creativity, innovation and fiscal responsibility within a culture of excellence and kindness.



# Our Goals

Addison consistently offers a unique, innovative, high-quality, vibrant, and fun experience, or the “Addison Experience” by setting and executing a core set of goals. The Council’s goals are to:

- Increase revenues by at least 10% while holding the tax rate to \$.58 or less and reserves to at least 30%.
- Create raving fans of the “Addison Experience”.
- Practice mindful stewardship of town resources.
- Maintain and enhance our unique culture of creativity and innovation.

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# Our Council’s Role

The role of the Council is to develop a long-term vision for the Town, to develop policies necessary to achieve the vision, and to communicate with, and seek buy-in from, stakeholders. This includes:

- Identifying future trends, challenges, and opportunities.
- Being a positive and resourceful representative for the Town.
- Communicating with residents, businesses, and regional partners.
- Being good financial stewards.
- Trusting and supporting the City Manager to implement the operational aspects of the Council’s vision.



# Council Strategies

Like most cities, Addison is confronted with a number of issues that demand the time and attention of elected officials and the Town's management team. In order to best apply the Town's limited resources, the City Council re-evaluated several of the major initiatives from the previous fiscal year and developed new projects during the budget process. These initiatives were scored and ranked based on how they impacted the Council's goals for the year.

Rank	Strategy
1	Create a vision for the airport to maximize the value.
2	Define, measure, evaluate, and improve success for all Town businesses.
3	Raise property values.
4	Attract new businesses to Addison.
5	Create and implement a Comprehensive Land Use/Revitalization Plan.
6	Brand protection and enhancement.
7	Continue to attract, hire, develop, and retain great employees.
8	Infrastructure improvement and maintenance.
9	Fully integrate the Arts as part of our brand.
10	Implement bond propositions.
11	Look for operational efficiencies without cutting services.
12	Explore new/other revenue sources.
13	Enhance sense of community for all stakeholders and expand volunteer opportunities.
14	Develop "Next Great Idea".
15	Establish a non-profit funding strategy.
16	Sustainability.
17	Enhance public safety.
18	Create and implement a strategy for Town-owned real estate.
19	Identify opportunities for improved governance.





**“HONESTY IS  
THE CORNERSTONE  
OF ALL SUCCESS,  
WITHOUT WHICH  
CONFIDENCE AND  
ABILITY TO PERFORM  
SHALL CEASE TO EXIST.”**

**— MARY KAY ASH**

# General Fund

## Fund Description

The General Fund accounts for resources traditionally associated with governments which are not required to be accounted for in another fund.

## Fund Narrative

During the budget process, it is the General Fund which receives the most scrutiny from Town staff, the Council, and the public. The attention is deserved because it is this fund that reflects most of the critical issues affecting the community, from establishing a tax rate to determining employee staffing and benefits. The following narrative reports the major aspects of the General Fund budget for both the concluding and new fiscal year. Operational accomplishments and goals are reported in the department narratives.

## Concluding Fiscal Year Performance

Revenues are estimated to be \$28,515,760, which represents \$1,289,770, or 4.7 percent above the original FY2012 budget and 3.0 percent more than received during FY2011. Property taxes are expected to come in just 1.4 percent more than budget. Reversing a trend of decreases over the past three years, sales tax revenues are projected to exceed budget by \$968,000. License and permit revenue dropped 27.8 percent from FY2011 actual receipts, due in part to the decrease in submittal of plans for construction and redevelopment of project currently under way.<sup>1</sup>

Expenditures are expected to total \$27,739,730, which is \$108,850 more than the FY2012 budget. Five of the operating departments are expected to exceed their budget but all excess spending was recognized by Council with amendments to the original budget. The differences in revenues, expenditures, and a higher beginning fund balance contributed to an estimated ending fund balance of \$11,067,720, which is \$2,075,330 more than budgeted.

## 2012-2013 Budget Narrative

Estimated 2012 property tax levy is expected to generate more revenue for the General Fund than budgeted, but the FY2013 amount of \$10,483,730 is actually \$481,520 or 4.4 percent less than FY2012.

The reason is that the components of the tax rate and levy vary significantly from the previous year. First, although appraised values of \$3.135 billion were 3.5 percent more than the prior year, the Town's annual debt service requirement increased approximately \$972,000, requiring a tax rate of \$0.2207 per \$100 appraised value that is reflected in the Debt Service Fund. Because the Town wanted to commit funds for economic development purposes, a separate tax rate of \$0.0225 was levied for this purpose and is reflected in the Economic Development Fund. The tax rate for General Fund purposes decreased to \$0.3368, for a total tax rate of \$0.5800.<sup>2</sup> This total rate is the same as the \$0.5800 levied the previous year. Due to the experience of sales tax collections in FY2012 and economic forecasts that project moderate economic stabilization, the FY2013 budget for sales tax is \$10,744,010, a 12.3 percent increase from the previous year. Mixed alcoholic beverage tax typically brings in \$950,000 annually but is expected to generate only \$816,000 in FY2013 due to the change in withholding amount, for the second consecutive year, in which the State of Texas decided to keep a larger share (monthly average of an additional two percent over the previous year in Addison) of the local tax remittance.<sup>3</sup> Other revenues in the General Fund are expected to remain stable or experience modest gains compared to last year's budget.

Total fund expenditures for the 2013 fiscal year have been appropriated at \$29,547,500, which is \$1,916,620 more than the FY2012 budget. Total personal services (employee salaries and benefits) rose by \$543,350. Most of the change is attributed to merit increases, in which employees are eligible to receive a 0-5 percent increase in their base salaries. This benefit is different from the previous fiscal year where Council approved funding for a 1 percent one-time merit benefit payment to employees. Maintenance costs also increased by \$711,860, primarily due to the \$229,000 increase in Public Works as a result of revamping the streets maintenance plan, and about \$268,200 increase in Information Technology for expected maintenance cost of new city-wide system installations and upgrades.

The net impact on revenues and expenditures is a projected \$1,331,340 decrease in fund balance. However, the ending fund



balance of \$9,736,380 represents 33 percent of operating expenditures, which is above the 25 percent minimum balance required by the Town's financial policies.<sup>4</sup> The long-term financial plan for the General Fund anticipates adjusting expenditures for a 3 percent inflationary increase each year along with moderate increases in revenue. As such, the Town's long-term approach has been prepared to allow for a gradual reduction in fund balance to a level of 30 percent of operating expenditures.<sup>5</sup>

1. For more information related to the Town's current projects and development, please refer to the Town Chronicle section of this document.

2. The table that reflects the components of the property tax levy and rates can be found in the Introduction section of this document.

3. For more information related to the Sales Tax receipts, please refer to Appendix D.

4. Please refer to Appendix B for the Town's financial policies.

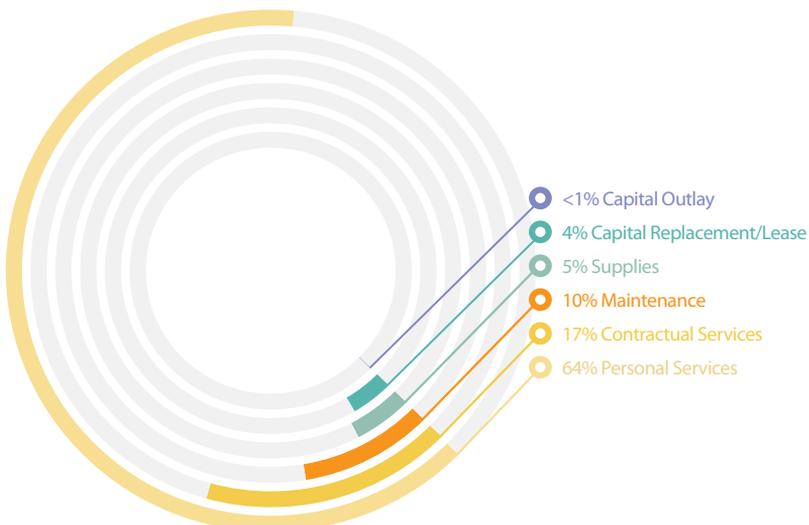
5. For more information related to the General Fund long-term plan, please refer to Appendix E.

**General Fund By Major Cost Category**

Category	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Personal Services	\$18,663,815	\$18,460,570	\$18,372,580	\$18,925,910
Supplies	1,124,773	1,276,050	1,295,070	1,411,490
Maintenance	1,894,682	2,132,460	2,173,770	2,844,320
Contractual Services	4,606,326	4,670,500	4,882,010	5,087,960
Capital Replacement/Lease	1,072,349	1,084,300	1,084,300	1,223,820
Capital Outlay	104,655	7,000	(68,000)	54,000
<b>TOTAL FUND BUDGET</b>	<b>\$27,466,600</b>	<b>\$27,630,880</b>	<b>\$27,739,730</b>	<b>\$29,547,500</b>

City government is a service industry that relies predominantly on its employees to serve the community. A majority of costs are associated with employee salaries and benefits.

General Fund Operating Expenditures by Cost Category



# General Fund Statement of Revenue and Expenditures

	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Beginning Balance	\$10,856,751	\$9,397,280	\$10,366,690	\$11,067,720
Revenues				
Ad valorem taxes	10,373,352	10,812,470	10,965,250	10,483,730
Non-property taxes	10,563,399	10,305,340	11,333,340	11,560,010
Franchise fees	2,760,188	2,597,000	2,677,100	2,724,690
Licenses and permits	1,210,058	728,490	874,290	724,490
Service fees	1,414,120	1,408,460	1,395,980	1,436,010
Fines and penalties	1,062,986	1,143,500	1,047,000	1,047,000
Interest earnings	25,514	30,000	10,000	5,000
Rental income	152,333	153,000	153,000	137,500
Other	114,593	47,730	59,800	47,730
Total Revenues	27,676,543	27,225,990	28,515,760	28,166,160
Total Resources Available	38,533,294	36,623,270	38,882,450	39,233,880
Expenditures				
General Government				
City Manager	1,621,767	1,225,440	1,249,000	1,233,820
Financial and Strategic Services	860,926	909,820	929,520	950,540
General Services	779,724	783,380	776,820	918,710
Municipal Court	475,737	501,730	499,660	519,470
Human Resources	455,767	552,740	524,110	620,590
Information Technology	1,196,030	1,290,000	1,290,700	1,695,990
Combined Services	585,983	617,270	611,920	646,980
City Council	377,850	262,330	267,480	379,420
Public Safety				
Police	7,766,636	7,344,420	7,417,300	7,679,130
Emergency Communications	1,013,952	1,259,040	1,259,980	1,251,770
Fire	5,773,333	5,877,700	5,872,290	6,073,100
Development Services				
Streets	1,612,011	1,648,510	1,670,730	1,811,450
Parks and Recreation				
Parks	2,565,250	2,976,220	3,013,090	3,225,990
Recreation	1,496,416	1,479,980	1,464,940	1,555,610
Total Expenditures	27,466,600	27,630,880	27,739,730	29,547,500
Other Financing Sources (Uses)				
Interfund transfer	(700,000)	-	(75,000)	50,000
<b>ENDING FUND BALANCE</b>	<b>\$10,366,694</b>	<b>\$8,992,390</b>	<b>\$11,067,720</b>	<b>\$9,736,380</b>

# General Fund Statement of Revenues by Source

	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Ad valorem taxes				
Current taxes				
	\$10,290,339	\$10,783,840	\$10,850,000	\$10,452,740
Delinquent taxes	34,564	9,540	68,500	11,620
Penalty and interest	48,449	19,090	46,750	19,370
Non-property taxes	-	-	-	-
Sales tax	9,632,640	9,565,340	10,533,340	10,744,010
Alcoholic beverage tax	930,759	740,000	800,000	816,000
Franchise/right-of-way use fees	-	-	-	-
Electric franchise	1,625,027	1,500,000	1,525,000	1,555,500
Gas franchise	219,959	215,000	204,560	208,650
Telecommunication access fees	671,286	650,000	650,000	663,000
Cable franchise	235,916	225,000	290,540	290,540
Street rental fee	8,000	7,000	7,000	7,000
Licenses and permits	-	-	-	-
Business licenses and permits	247,176	171,540	130,390	179,740
Building and construction permits	962,882	556,950	743,900	544,750
Service fees	-	-	-	-
General government	97	50,650	500	500
Public safety	785,188	746,080	764,460	763,460
Urban development	3,683	3,000	3,000	3,000
Streets and sanitation	355,973	337,630	379,320	379,320
Recreation	84,879	86,800	64,400	64,400
Interfund	184,300	184,300	184,300	225,330
Court fines	1,062,986	1,143,500	1,047,000	1,047,000
Interest earnings	25,514	30,000	10,000	5,000
Rental income	152,333	153,000	153,000	137,500
Recycling proceeds	22,608	21,000	21,000	21,000
Other	91,985	26,730	38,800	26,730
<b>TOTAL REVENUES</b>	<b>\$27,676,543</b>	<b>\$27,225,990</b>	<b>\$28,515,760</b>	<b>\$28,166,160</b>

# City Manager

## Department Mission

To effectively implement and administer the policies established by the City Council. The City Manager is responsible for making recommendations to the Council concerning policies and programs and developing methods to ensure the efficient operation of city services. The department accounts for all expenditures related to the City Manager, his support staff, and the operation and maintenance of Town Hall.

## Program Narrative

### Accomplishments of FY2012

- Hired a new Chief Financial Officer for the organization.
- Coordinated with Human Resources to undertake a comprehensive position and pay plan analysis.
- Restructured to City Manager's Office to add one full-time Assistant to the City Manager positions to focus on the implementation of Council's strategic plan.
- Implemented the Strategic Application Management Solution (P3 Project) tracking system to advance the City Council's priorities.
- Coordinated with the IT and Finance departments to implement an "Executive Dashboard" reporting system to better communicate financial trends and revenue projections.
- Conducted an analysis to reengineer the business model for Visitor Services and the Addison Conference Centre.
- Negotiated the renovation plans and incentive programs with the new owners of Village on the Parkway to revitalize that retail, entertainment, and restaurant center.
- Oversaw a bond election in the amount of \$55 million.
- Entered into a shared services agreement with the City of Carrollton to perform preventative maintenance on the Town's fleet.
- Supervised the installation of the lighting and landscaping revitalization of Belt Line Road.
- Coordinated with the Marketing &

Communications Director to successfully transition from a hard copy to an electronic community calendar.

### Objectives for FY2013

- Implement a new business plan for the Conference Centre, Visitor Services, and Visit Addison.
- Implement a comprehensive program of communications, marketing, and branding strategies.
- Continue to work with United Dominion Realty on the Vitruvian Park development.
- Continue the integration of the Strategic Application Management Solution (P3 Project) process.
- Continue to work with Lincoln Properties to develop the Village on the Parkway retail center.
- Implement revisions to the organization's pay plan.
- Begin the implementation of the 2012 bond program initiatives and projects.



Expenditures	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Personal Services	\$1,050,528	\$710,180	\$750,200	\$738,230
Supplies	36,513	37,630	32,600	29,600
Maintenance	32,214	37,340	39,840	32,800
Contractual Services	485,012	423,990	410,060	413,330
Capital Replacement/Lease	17,500	16,300	16,300	19,860
Capital Outlay	-	-	-	-
<b>TOTAL DEPT. BUDGET</b>	<b>\$1,621,767</b>	<b>\$1,225,440</b>	<b>\$1,249,000</b>	<b>\$1,233,820</b>

Staffing	Level	Budget 2009-10	Budget 2010-11	Budget 2011-12	Budget 2012-13
City Manager*	N/C*	1.0	1.0	1.0	1.0
Deputy City Manager**	34	1.0	1.0	0.0	0.0
Assistant City Manager	32	1.0	1.0	1.0	1.0
Assistant to the City Manager	25	1.0	0.0	1.0	2.0
Intern - Special Assignment***	24	0.0	0.0	0.5	0.0
Secretary - Executive	11	1.0	1.0	1.0	0.0
Secretary - Administrative****	9	2.0	2.0	1.0	0.0
Department Assistant	8	0.0	0.0	0.0	1.0
Receptionist*****	8	0.5	1.0	1.0	0.0
Intern	1	1.0	1.0	1.0	1.0
<b>TOTAL</b>		<b>8.5</b>	<b>8.0</b>	<b>7.5</b>	<b>6.0</b>

\*Not classified.

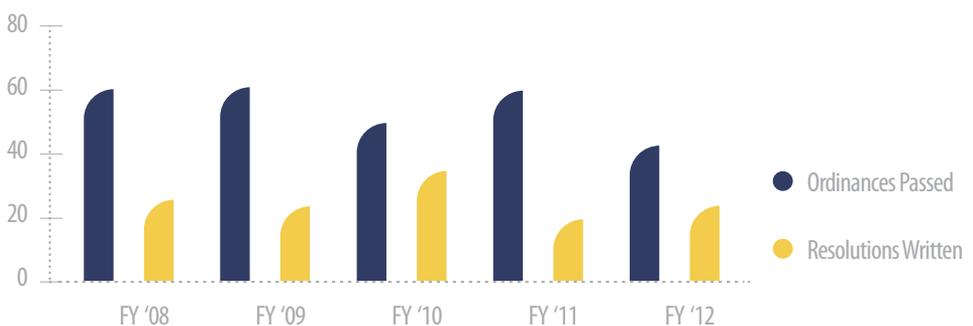
\*\*This position was moved to the Utility Fund in FY12.

\*\*\*This was a partial year temporary position.

\*\*\*\*One Secretary position was reclassified to an Assistant to the City Manager in FY12.

\*\*\*\*\*This position was reclassified to Department Assistant in late FY12.

## Ordinances Passed and Resolutions Written



# Financial & Strategic Services

## Department Mission

The Finance Department's mission is to optimally manage the Town's resources through its budgeting, purchasing, management analysis and financial reporting. This encompasses treasury and investment management, billing and collecting for all utilities, handling all accounts receivable and payable, and managing all the steps involved in debt financing, including presentations to the rating agencies, communication with the underwriters, financial advisors and bond attorneys. The Chief Financial Officer is charged with satisfying this mission by providing general supervision to all department functions. The department develops the Town's Comprehensive Annual Financial Report (CAFR), the Town's Annual Budget, and administers the Town's risk management functions.

## Program Narrative

### Accomplishments of FY2012

- Digitized all journal entry records, allowing quicker accessibility for research and audit needs.
- Reviewed cash handling procedures at Special Events to identify and implement improvements.
- Updated the inventory of capital assets within the replacement funds.
- Updated manuals for Accounts Receivable, Cash Receipting, Utility Billing, and Collections & Revenue Management.

- Received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association of the United States and Canada (GFOA) for the 35th consecutive year.
- Received the Distinguished Budget Presentation Award from the GFOA for the 24th consecutive year.

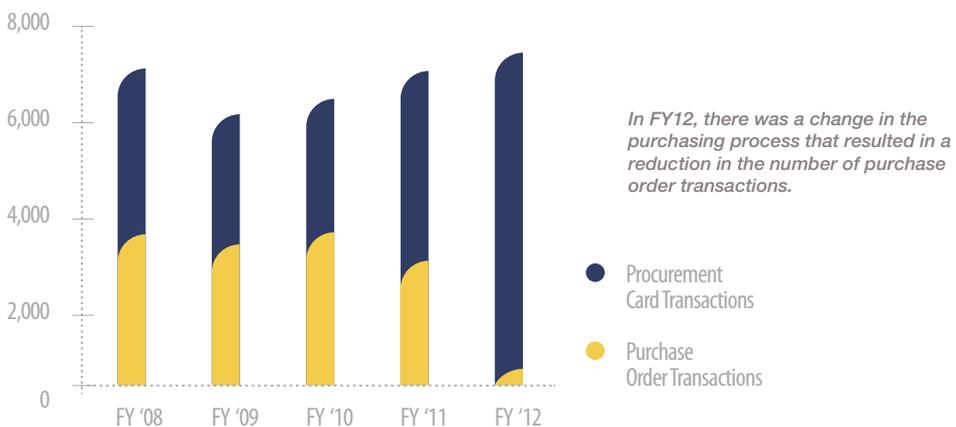
### Objectives for FY2013

- Release an RFP for external auditing services.
- Continue to review purchasing and accounts payable policies and recommend improvements.
- Research options for digitizing cash receipting records and bid document files.
- Investigate the ability to e-mail accounts receivable invoices from the Town's accounting system rather than sending paper invoices.
- Complete a utility rate study.
- Implementation of the storm water utility fee.

### Notable Budget Items

- Professional services including annual audit and legal services (\$25,290), payment to the Dallas Central Appraisal District for appraisal services (\$86,340), and Dallas County tax collection fees (\$8,000).
- Modified Level of Service: Renovation of Finance Building (\$50,000).

Procurement Card Transactions by Method



Expenditures	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Personal Services	\$569,802	\$532,290	\$515,010	\$534,390
Supplies	40,921	52,070	57,270	56,930
Maintenance	18,366	31,650	31,650	78,400
Contractual Services	214,037	274,310	306,090	257,310
Capital Replacement/Lease	17,800	19,500	19,500	23,510
Capital Outlay	-	-	-	-
<b>TOTAL DEPT. BUDGET</b>	<b>\$860,926</b>	<b>\$909,820</b>	<b>\$929,520</b>	<b>\$950,540</b>

Staffing	Level	Budget 2009-10	Budget 2010-11	Budget 2011-12	Budget 2012-13
Chief Financial Officer	31	1.0	1.0	1.0	1.0
Accounting Manager	26	0.0	0.0	0.0	1.0
Financial Services Manager*	26	1.0	1.0	1.0	0.0
Strategic Services Manager	26	1.0	0.0	0.0	0.0
Revenue and Budget Supervisor	22	0.0	0.0	0.0	1.0
Financial Services Supervisor**	22	1.0	1.0	1.0	0.0
Purchasing and Billing Supervisor	22	0.0	0.0	0.0	1.0
Accountant	20	1.0	1.0	1.0	1.0
Management Analyst***	20	1.0	1.0	1.0	0.0
Accounting Specialist	8	3.0	3.0	3.0	3.0
<b>TOTAL</b>		<b>9.0</b>	<b>8.0</b>	<b>8.0</b>	<b>8.0</b>

\*This position was reclassified to Accounting Manager.

\*\*This position was reclassified to Revenue and Budget Supervisor.

\*\*\*This position was reclassified to Purchasing and Billing Supervisor.

### Procurement Card Transactions



# General Services

## Department Mission

To ensure all Town facilities are maintained to be an attractive and comfortable environment conducive to conducting Town business, and to maintain the Town's fleet of vehicles to meet the highest standards of safety and efficiency. Department staff also manages the Town's inventory of office and custodial supplies, transports mail and supplies among the municipal buildings, and is the Town's liaison to Addison Airport.

## Program Narrative

### Accomplishments of FY2012

- Coordinate and supervise all budget-approved town facilities projects (20+ projects).
- Completed a facilities compliance assessment for ADA/ TAS.
- Completed painting and wood work renovations at the Conference Centre and Stone Cottage facilities.
- Completed millwork and renovations to the Service Center lobby.
- Completed a tankless hot water heater project at the Service Center facility.
- Completed 563 facility request for services.
- Transitioned Fleet Services to an outsourced shared service agreement with the City of Carrollton.
- Developed specifications, purchased, and performed make-ready for 5 new fleet vehicles, as approved.

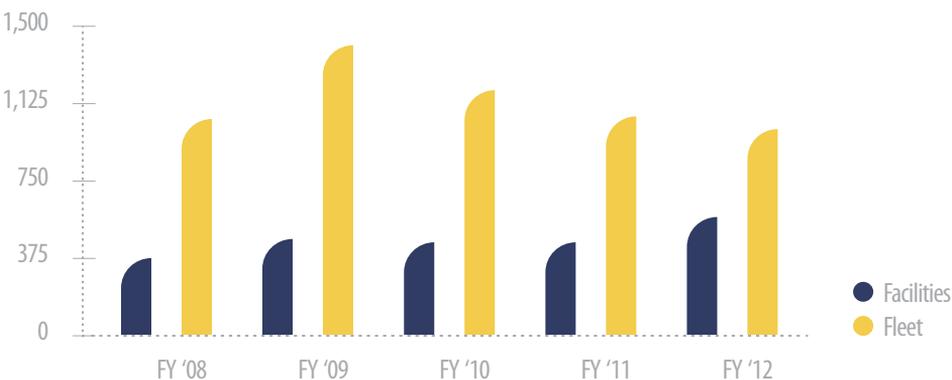
## Objectives for FY2013

- Coordinate and supervise all budget-approved town facilities projects (MLS's).
- Begin ADA/TAS compliance modifications per 2012 assessment.
- Complete 366 tons of HVAC equipment replacement at the Conference & Theatre Centre.
- Coordinate and facilitate the installation of a CASA (Collaborative Adaptive Sensing of the Atmosphere) Radar System.
- Provide quality Fleet Management Services, a shared service agreement with the City of Carrollton.
- Develop specifications and purchase 18 new fleet vehicles as approved.
- Continue to expand the use of Hybrid Electric Vehicles to the fleet where applicable.

## Notable Budget Items

- Costs associated with operating the Service Center building, including utilities (\$108,800).
- Modified Level of Service: Americans with Disabilities Act (ADA) Facilities Compliance Modifications (\$150,000).
- Modified Level of Service: Remove and Replace Athletic Club Natatorium Tile Flooring (\$40,000).
- Modified Level of Service: Exterior Cleaning and Sealing of Addison Circle Park Pavilion (\$12,100).

## Work Orders Processed



Expenditures	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Personal Services	\$566,137	\$583,670	\$575,110	\$522,640
Supplies	23,598	27,540	28,040	30,750
Maintenance	62,866	58,500	58,500	132,900
Contractual Services	70,073	66,670	68,170	187,900
Capital Replace- ment/Lease	33,800	40,000	40,000	44,520
Capital Outlay	23,250	7,000	7,000	-
<b>TOTAL DEPT. BUDGET</b>	<b>\$779,724</b>	<b>\$783,380</b>	<b>\$776,820</b>	<b>\$918,710</b>

Staffing	Level	Budget 2009-10	Budget 2010-11	Budget 2011-12	Budget 2012-13
Director - General Services	31	1.0	1.0	1.0	1.0
Supervisor - Fleet Services*	13	1.0	1.0	1.0	0.0
Supervisor - Facilities Services	11	1.0	1.0	1.0	1.0
Technician - Fleet*	8	3.0	2.0	2.0	0.0
Department Assistant	8	0.0	0.0	0.0	1.0
Secretary - Department**	8	1.0	1.0	1.0	0.0
Facilities Specialist	4	0.0	0.0	0.0	1.0
Clerk - Inventory***	4	1.0	1.0	1.0	0.0
Mail Carrier	4	1.0	1.0	1.0	1.0
Custodian****	2	1.0	1.0	0.0	0.0
<b>TOTAL</b>		<b>10.0</b>	<b>9.0</b>	<b>8.0</b>	<b>5.0</b>

\*These positions were eliminated in mid-FY12.

\*\*The Department Secretary position was reclassified to Department Assistant in late FY12.

\*\*\*This position was reclassified to Facilities Specialist.

\*\*\*\*This position was eliminated in mid-FY11.

### Fleet Downtime (as a percentage of time in operation)



# Municipal Court

## Department Mission

To provide a fair, impartial, and timely adjudication of misdemeanor fine only offenses committed and filed in the Town of Addison. To properly administer this function, the department must schedule offenders to appear before the court, adjudicate the trial, collect fines from guilty offenders, and issue warrants of arrest.

## Program Narrative

### Accomplishments of FY2012

- Continued to improve collections by streamlining the warrant issue process and participating in the state-wide warrant round-up.
- Improved daily operations in the Court by internal training sessions.
- Worked with the Police Department's Criminal Investigation Division to institute a remote warrant execution process to allow search and/or arrest warrants to be executed from a remote location by way of the internet, reducing the time and expense of obtaining off-hour warrants.
- Continued to improve scanning process to reduce paper storage requirements.
- Maintained and enhanced the Court web-site to improve customer service.

- Worked with Jail to secure video communication to arraign prisoners charged with Class C offenses. Secured communication with the Dallas County Magistrate's Office to permit video arraignment of prisoners charged with Class B and above offenses to permit faster appointment of an attorney when requested.

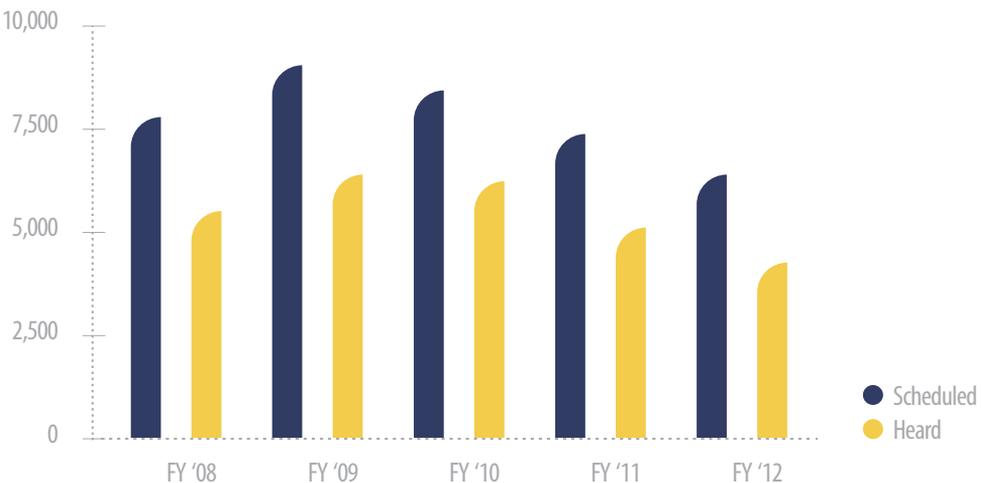
### Objectives for FY2013

- Evaluate new laws passed during the 2013 Texas State Legislative session to determine their impact on court procedures and implement necessary changes.
- Work with Information Technology Department, to evaluate and update scanning software, to use tools which would reduce time required to scan documents.
- Update Municipal Court pamphlet to include Spanish version.
- Evaluate the status of our current Court software program used to process cases and determine if an upgrade is necessary for the FY 13-14.
- Continue to participate in the state-wide warrant round-up to collect on outstanding warrants.

### Notable Budget Items

- Legal fees associated with prosecuting attorney and associate judges (\$41,000).

Cases Scheduled and Heard



Expenditures	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Personal Services	\$388,053	\$417,130	\$404,720	\$423,430
Supplies	14,087	15,220	22,480	22,380
Maintenance	500	-	2,520	5,050
Contractual Services	48,697	56,080	56,640	52,440
Capital Replacement/Lease	24,400	13,300	13,300	16,170
Capital Outlay	-	-	-	-
<b>TOTAL DEPT. BUDGET</b>	<b>\$475,737</b>	<b>\$501,730</b>	<b>\$499,660</b>	<b>\$519,470</b>

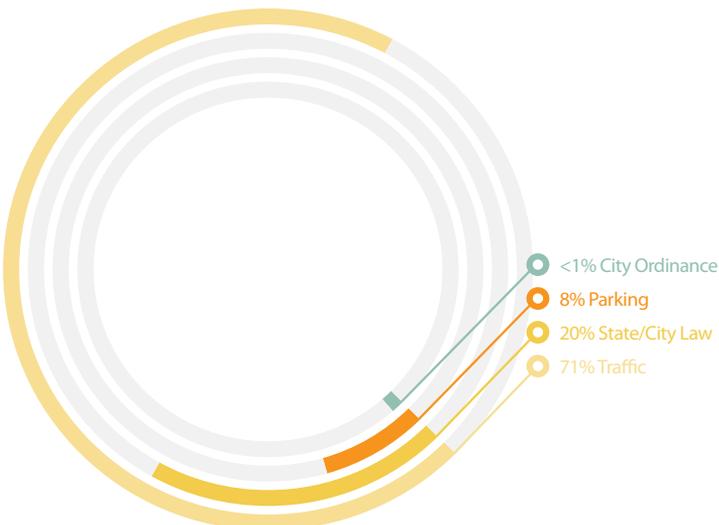
Staffing	Level	Budget 2009-10	Budget 2010-11	Budget 2011-12	Budget 2012-13
Administrator - Court	26	1.0	1.0	1.0	1.0
Warrant Officer	P2	1.0	0.0	0.0	0.0
Clerk - Court	7	3.0	3.7	3.7	3.7
Municipal Judge	N/C *	0.7	0.7	0.7	0.7
<b>TOTAL</b>		<b>5.7</b>	<b>5.4</b>	<b>5.4</b>	<b>5.4</b>

\*Not classified.

### Citations Processed



### Violations by Type



# Human Resources

## Department Mission

To assist the Town of Addison in providing an environment that promotes high performance, customer service, accountability, integrity, involvement, and diversity.

## Program Narrative

### Accomplishments of FY2012

- Negotiated the Town's health benefits contract renewal process for calendar year 2012 for a cost savings of \$139,000 across all Town funds, with an additional \$41,000 negotiated by the Town's insurance broker.
- Negotiated the Town's dental benefits contract renewal process for calendar year 2012 for a cost savings of \$12,000 across all Town funds.
- Coordinated and offered a Town wide mandatory compliance training program, Sexual Harassment Prevention, for all Town employees.
- Transitioned the wellness program from an awareness based program that included lunch and learns, incentives and health promotions to a behavioral change program, where programs such as Weight Watchers, an Employee Boot Camp and Co-Ed Sports were offered.
- Completed a comprehensive job evaluation study of all Town positions to ensure market competitiveness through internal and external equity review.
- Submitted a simulated payroll to assist with the development of the fiscal year 2012-2013 Budget.
- Continued our volunteer recognition and appreciation efforts by recognizing six of our outstanding volunteers with the highest number of donated hours through lunches, certificates, tours and plaques to recognize their great service and support to the Town.
- Implemented a paperless personnel file program where all active personnel files were scanned and destroyed to ensure continuity of HR business operations and minimize the risk of employee identity theft.
- Received and processed approximately 1,000 applications of employment for 12 position postings.

## Objectives for FY2013

- Review and revise the Town's Employee Handbook for any and all applicable legal changes/updates and present to Council for consideration of approval.
- Coordinate and lead the 2012-2013 Town of Addison Citizen Academy program, where over 30 Town of Addison citizens will attend several meetings to learn more about the Town's history, culture, operations and opportunities to serve the community.
- Implement the results of the 2012 comprehensive job review/evaluation study.
- Expand the Addison Way Training curriculum to Addison Advocate Volunteers.
- Formalize Recognition programs to capture institutional knowledge and practice, including but not limited to, the service awards and meritorious luncheon process.
- Coordinate and offer voluntary, free of charge, biometric screenings, for all Town employees, where they will receive a baseline indicator and snapshot of their overall health and wellness.

## Notable Budget Items

- Town-wide tuition reimbursement program (\$45,000).
- Training and professional development programs, including expanding the Addison Way Training Series (\$45,000).
- Modified Level of Service: Expanded Wellness Programming (\$20,000).
- Modified Level of Service: Expanded Health Screenings (\$20,000).
- Modified Level of Service: Benefits Consultant (\$24,000).



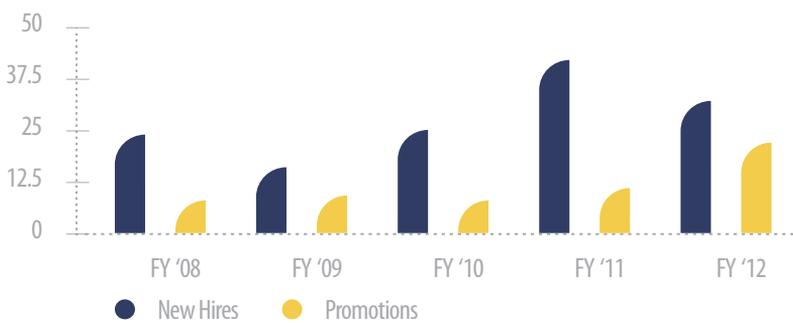
Expenditures	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Personal Services	\$355,129	\$416,200	\$384,490	\$416,350
Supplies	12,664	13,950	16,190	15,250
Maintenance	718	500	240	240
Contractual Services	78,156	112,390	113,490	175,980
Capital Replacement/Lease	9,100	9,700	9,700	12,770
Capital Outlay	-	-	-	-
<b>TOTAL DEPT. BUDGET</b>	<b>\$455,767</b>	<b>\$552,740</b>	<b>\$524,110</b>	<b>\$620,590</b>

Staffing	Level	Budget 2009-10	Budget 2010-11	Budget 2011-12	Budget 2012-13
Director - Human Resources	31	1.0	1.0	1.0	1.0
Benefits Specialist	21	1.0	1.0	1.0	1.0
Employment Specialist	21	1.0	0.0	0.0	0.0
Volunteer Coordinator	11	0.5	0.5	0.5	0.5
Payroll Specialist	10	0.7	0.7	0.7	0.7
Department Assistant	8	0.0	0.0	0.0	1.0
Secretary - Department*	8	1.0	1.0	1.0	0.0
Receptionist - Department**	6	0.0	0.0	1.0	0.0
<b>TOTAL</b>		<b>5.2</b>	<b>4.2</b>	<b>5.2</b>	<b>4.2</b>

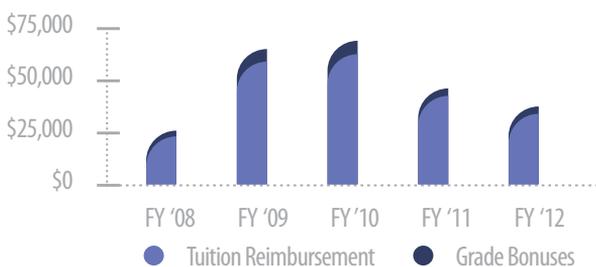
\*This position was reclassified to Department Assistant in late FY12.

\*\*This position was added in mid-FY11 and transferred to the Public Works department in FY12.

### Hires By Type



### Tuition Reimbursement



# Information Technology

## Department Mission

To identify, develop and maintain a standard, integrated information services architecture that enhances organization productivity and creates a customer-centered business environment. The department's responsibilities include designing and supervising the Town's technology infrastructure; maintaining a single point of contact for recording, tracking and coordinating problem resolution; providing asset management and support services for the network and desktop environment; and coordinating all technology training and education.

## Program Narrative

### Accomplishments of FY2011

- Continued the implementation of an Integrated Strategic Application Management Solution (P3).
- Expanded our storage capacity.
- Replaced the virus/spam control system.
- Replaced PC's Town-wide.
- Replaced the FRMS system (Fire Report Management System).
- Deployed iPads to the Building Inspectors.
- Deployed iPads to the Fire Marshal and Fire Inspectors.
- Started managing and supporting the GIS (Geographic Information System), in a decentralized format.
- Designed an online Business Registration portal.
- Installed a system to provide remote execution of warrants and arraignment of prisoners.
- Performed an internal and external vulnerability assessment and targeted network penetration test.

### Objectives for FY2013

- Replace the video surveillance camera system at Addison Park and Addison Athletic Club.
- Install a Public Safety property barcode system.

- Investigate different operating/business models to maintain and support the Public Safety system.
- Closely work with the Finance department to draft a Request For Proposals for an Enterprise Resource Planning system.
- Implement last phase of the GIS system.
- Install an educational system at the Learning Center.
- Help Addison Airport Management to select an Access Control system for the Addison airport.
- Implement a Disaster Recovery (DR) plan/system for the Town's telecommunications system.
- Begin the process for the implementation/deployment of a private city-wide wireless network.
- Replace the content management system.
- Upgrade various systems at the Town:
  - Telecommunication system.
  - Guest registration system at Addison Athletic Club.
  - Credit card processing system.
  - Digital citation system.
- Work closely with the Marketing Director to revamp/redesign our websites.

### Notable Budget Items

- Contracts with vendors to maintain the Town's general government information technology systems (\$184,710).
- Contracts with vendors to maintain the Town's public safety information technology systems (\$147,500).
- Modified Level of Service: Developer Position (\$79,000).
- Modified Level of Service: Siren Warning System Upgrade (\$25,000).
- Modified Level of Service: Business Intelligence Application (\$168,000).

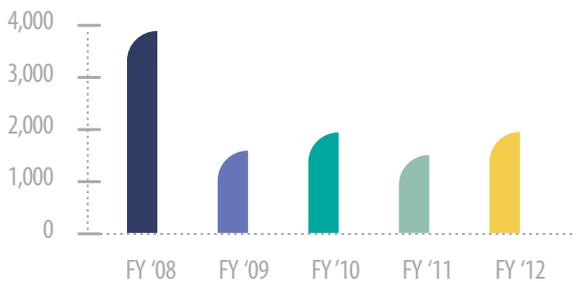


Expenditures	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Personal Services	\$749,041	\$733,810	\$735,240	\$835,410
Supplies	32,443	63,870	60,130	58,980
Maintenance	302,533	344,210	353,460	612,410
Contractual Services	30,964	115,110	108,870	168,870
Capital Replacement/Lease	55,100	33,000	33,000	20,320
Capital Outlay	25,949	-	-	-
<b>TOTAL DEPT. BUDGET</b>	<b>\$1,196,030</b>	<b>\$1,290,000</b>	<b>\$1,290,700</b>	<b>\$1,695,990</b>

Staffing	Level	Budget 2009-10	Budget 2010-11	Budget 2011-12	Budget 2012-13
Director - Information Technology	31	1.0	1.0	1.0	1.0
Network Specialist	25	5.0	5.0	5.0	5.0
Developer*	25	0.0	0.0	0.0	1.0
<b>TOTAL</b>		<b>6.0</b>	<b>6.0</b>	<b>6.0</b>	<b>7.0</b>

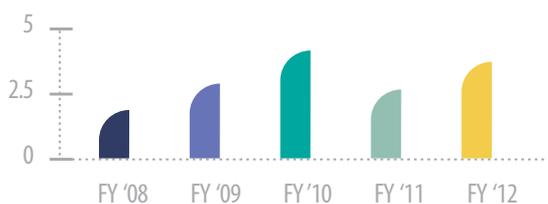
\*This position was added in FY12.

### Number of Service Calls



In FY08, the number of calls were higher due to updating the telecommunication network.

### Number of Unique Website Visitors (in millions)



# Combined Services

## Department Mission

This department reflects expenditures incurred by the Town, as a single entity, in the conduct of its operations. These expenditures include the Town's membership in various state and local organizations, attorney fees, insurance premiums, and postage.

## Program Narrative

### Notable Budget Items

- Legal fees (\$240,000).
- Delivery and postage for Town mailings (\$78,000).
- Town-wide liability insurance (\$110,000).

Liability Insurance Premiums By Category



Expenditures	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Personal Services	\$49,725	\$57,890	\$57,890	\$57,890
Supplies	91,049	117,570	117,220	119,740
Maintenance	-	-	-	-
Contractual Services	445,209	441,810	436,810	469,350
Capital Replacement/Lease	-	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL DEPT. BUDGET</b>	<b>\$585,983</b>	<b>\$617,270</b>	<b>\$611,920</b>	<b>\$646,980</b>

### Property Insurance Premiums by Category



# City Council

## Department Mission

This department accounts for funds appropriated by the Council for special projects not directly related to Town operations. Also included are expenses incurred by the Mayor and six members of the Council in performing their responsibilities as elected officials of the Town of Addison.

## Program Narrative

### Accomplishments of FY2012

- Increased office and retail occupancy rates through implementation of economic development policies.
- Developed and held a Municipal Bond Election.
- Began creation of a comprehensive land use plan.
- Developed a forum for donations through the Addison Legacy Foundation.
- Completed implementation of City Council Liaison assignments.
- Created the Community Partners Bureau to engage Addison's non-profit community partners.
- Adopted a formal economic development policy.
- Began creation of a comprehensive communication strategy.
- Affirmed the Town's Value Proposition and created strategies to achieve that goal.
- Affirmed the Council's priorities regarding reserves through the adoption of the 2012-2013 Budget.

## Objectives for FY2013

- Seek out operational efficiencies without compromising the overall level of service provided by the Town.
- Increase office occupancy rates through implementation of economic development policies.
- Continue to leverage economic development assets to enhance Addison's business profile.
- Complete a comprehensive communication strategy.
- Complete a comprehensive land use plan.
- Update City Council Policies and Procedures.
- Set strategic priorities for the town as part of the annual Value Proposition process.

## Notable Budget Items

- Non-profit grant funding:
  - Contact Crisis Line (\$5,000).
  - Dance Council (\$7,000).\*
  - Launchability Special Care & Career Services (\$5,000).
  - Metrocrest Chamber of Commerce (\$35,000).
  - Metrocrest Family Medical Clinic (\$3,000).
  - Metrocrest Social Services (\$30,000).
  - Senior Adult Services (\$17,000).
  - The Family Place (\$10,000).
  - United Basketball League (\$2,000).
  - WaterTower Theatre (\$390,000).\*
  - Addison Arbor Foundation (\$33,000).
- Modified Level of Service: Vitruvian Park Holiday Special Event (\$126,000).

*\*Although listed with the non-profit funding, these grants are paid out of the hotel fund.*



Expenditures	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Personal Services	\$25,787	\$30,290	\$30,290	\$30,170
Supplies	24,745	19,770	18,490	13,500
Maintenance	-	-	-	-
Contractual Services	326,918	210,070	216,500	332,750
Capital Replacement/Lease	400	2,200	2,200	3,000
Capital Outlay	-	-	-	-
<b>TOTAL DEPT. BUDGET</b>	<b>\$377,850</b>	<b>\$262,330</b>	<b>\$267,480</b>	<b>\$379,420</b>

Council	Name	Profession	Term of Office
Mayor	Todd Meier	Business Person/Attorney	05/11-05/13
Mayor Pro Tempore	Blake W. Clemens	Corporate Real Estate	05/11-05/13
Deputy Mayor Pro Tempore	Bruce Arfsten	Residential Real Estate	05/11-05/13
Council Member	Chris DeFrancisco	Senior Vice President, Comm. Banking	05/11-05/13
Council Member	Margie Gunther	Educational Consultant	05/12-05/14
Council Member	Janelle Moore	Medical and Business Development Consultant	05/12-05/14
Council Member	Neil Resnik	Financial Services/ Life Insurance	05/12-05/14

# Police

## Department Mission

The Addison Police Department is dedicated to a standard of excellence in promoting and maintaining a safe and peaceful community. We serve in a community partnership to preserve order, protect life and property, enforce laws and ordinances, and safeguard individual liberties. We conduct ourselves according to the highest ethical standards and treat others with fairness, dignity, and respect. We pledge to manage our organization with professionalism, leadership, and integrity.

## Program Narrative

### Accomplishments of FY2012

- Assumed responsibility for the animal control function from the Streets department in mid 2011 and have completely integrated animal control personnel and operations into the department.
- Increased the department's role in providing security and enforcement of Federal Aviation Administration (FAA) rules and regulations at the Addison Airport.

- The Quad Cities Police Consortium (consisting of Addison, Carrollton, Farmers Branch, and Coppell) contracted with U.S. Department of Justice and completed the feasibility study of a combined jail. As a result, Carrollton and Coppell combined their jail operations. The Consortium also explored the possibility of creating a single tactical (SWAT) team made up of officers from all four agencies, and in 2012 the North Texas Metro SWAT Team became operational.

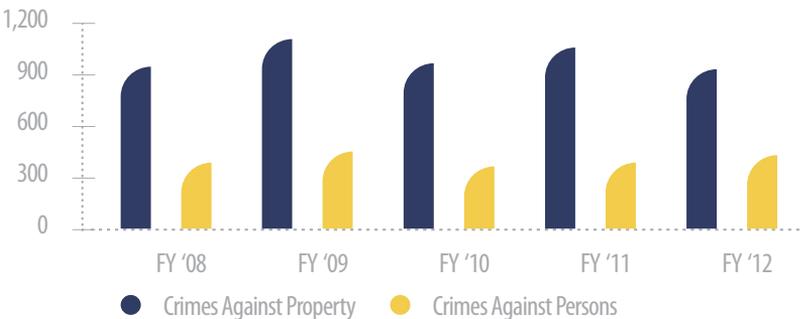
### Objectives for FY2013

- Continue to improve police services and compliance with FAA regulations at the Addison Airport.
- Continue to explore opportunities to combine services and improve operational efficiency.

### Notable Budget Items

- Fuel (\$171,920).
- Overtime (\$200,000).

## Property and Violent Crime Rates



Expenditures	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Personal Services	\$6,171,114	\$6,044,460	\$6,057,130	\$6,238,420
Supplies	298,932	317,910	326,620	345,890
Maintenance	218,349	167,990	167,990	175,210
Contractual Services	393,776	341,560	393,060	357,780
Capital Replacement/Lease	677,800	472,500	472,500	561,830
Capital Outlay	6,665	-	-	-
<b>TOTAL DEPT. BUDGET</b>	<b>\$7,766,636</b>	<b>\$7,344,420</b>	<b>\$7,417,300</b>	<b>\$7,679,130</b>

Staffing	Level	Budget 2009-10	Budget 2010-11	Budget 2011-12	Budget 2012-13
Police Chief	31	1.0	1.0	1.0	1.0
Assistant Police Chief	P6	1.0	1.0	1.0	1.0
Captain	P5	1.0	1.0	1.0	1.0
Lieutenant	P4	3.0	3.0	4.0	4.0
Sergeant	P3	6.0	6.0	6.0	6.0
Assistant to the Chief	22	1.0	0.0	0.0	0.0
Manager - Public Safety Comm.	22	0.0	0.0	0.0	0.0
Supervisor - Detention	12	1.0	1.0	1.0	1.0
Police Services Supervisor	13	0.0	0.0	0.0	1.0
Police Officer**	P2	48.0	48.0	47.0	47.0
Police Administration Technician***	10	1.0	1.0	1.0	0.0
Animal Control Officer***	8	0.0	0.0	1.0	1.0
Department Assistant	8	0.0	0.0	0.0	1.0
Secretary - Department****	8	1.0	1.0	1.0	0.0
Jailer	7	2.0	2.0	3.0	3.0
Clerk - Police Records	7	2.0	2.0	2.0	2.0
Investigative Specialist	6	1.0	1.0	1.0	1.0
Quartermaster	6	1.0	1.0	1.0	1.0
Intern*****	1	0.0	0.0	0.5	0.5
Jailer - Temporary	N/C *	3.3	3.3	2.3	2.3
<b>TOTAL</b>		<b>73.3</b>	<b>72.3</b>	<b>73.8</b>	<b>73.8</b>

\*Not classified.

\*\*One Officer position was converted to a Lieutenant in mid-FY11.

\*\*\*This position was reclassified to Police Services Supervisor in late FY12.

\*\*\*\*This position moved from Streets department in mid-FY11.

\*\*\*\*\*This position was reclassified to Department Assistant in late FY12.

\*\*\*\*\*This position was added in FY12.

# Emergency Communications

## Department Mission

This function reflects expenditures incurred by the Town for emergency communications. These expenditures include the Town’s emergency dispatch services, radio maintenance, and other emergency management services related to public safety.

## Program Narrative

### Accomplishments of FY2012

- Proceeded with the second phase of the public safety radio system replacement process, including completion of the procurement specifications. The Request for Proposals was released and the return date set at November 11, 2012.

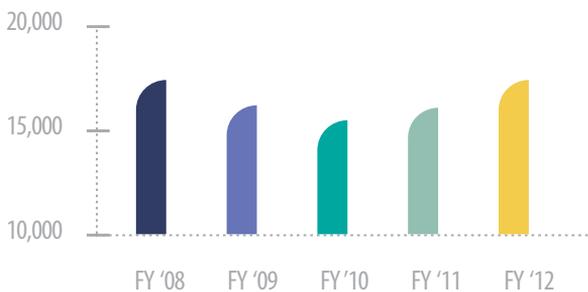
## Objectives for FY2013

- Complete remainder of the second phase of public safety radio system replacement process, which is the proposal evaluation and vendor selection. Following the return of the RFP’s, RCC Consultants will evaluate the responses and recommend a vendor to the Quad Cities Police Consortium (consisting of Addison, Carrollton, Farmers Branch, and Coppel). Vendor selection is expected by December 2012.

## Notable Budget Items

- Public relations services (\$42,000).
- Combined 9-1-1 lines (\$148,000).
- Simulcast site maintenance fee (\$31,550).
- Spectrum Centre site lease (\$19,000).

Calls for Service



*Beginning in FY08, calls for service declined due to the demolition of several apartment complexes as part of the Vitruvian Park development. Now that the first phase of the development is complete, calls began rising again in FY11.*



Expenditures	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Personal Services	\$746,157	\$858,350	\$859,290	\$926,590
Supplies	4,753	5,000	5,000	5,000
Maintenance	69,897	73,190	73,190	74,000
Contractual Services	193,145	322,500	322,500	246,180
Capital Replacement/Lease	-	-	-	-
Capital Outlay	-	-	-	-
<b>TOTAL DEPT. BUDGET</b>	<b>\$1,013,952</b>	<b>\$1,259,040</b>	<b>\$1,259,980</b>	<b>\$1,251,770</b>

Staffing	Level	Budget 2009-10	Budget 2010-11	Budget 2011-12	Budget 2012-13
Supervisor - Communications	13	1.0	1.0	1.0	1.0
Dispatcher	D1	12.5	12.5	12.5	12.5
<b>TOTAL</b>		<b>13.5</b>	<b>13.5</b>	<b>13.5</b>	<b>13.5</b>

# Fire

## Department Mission

To protect the persons and property in Addison by providing quality and innovative emergency services. To accomplish this mission, the department performs the following functions: 1 – fire suppression, including crash/fire rescue for aircraft utilizing Addison Airport; 2 – fire inspection prevention and investigation; and, 3 – emergency medical services (EMS) with advanced life support capabilities practiced by professionally trained paramedics. These functions are provided by three 24-hour shifts, each staffed with 16 employees who operate out of two fire stations.

## Program Narrative

### Accomplishments of FY2012

- Completed a reorganization of the department; ICMA (International City Management Association) Study recommendation.
- Established a replacement program for the departments aging fleet of Self-Contained Breathing Apparatus (SCBA).
- Performed a risk-hazard analysis of the Town in order to develop and define a Standard of Response level of service baseline and benchmark goals as part of our work towards achieving national accreditation from the Commission on Fire Accreditation International; ICMA Study recommendation for integrated all hazards risk planning.
- Completed evaluation, revision and updating of standard operating procedures and response policies.
- Implemented Firehouse Software as the new comprehensive records management tool to track fire reporting, inspections, training, staffing and maintenance, enabling the agency to demonstrate and benchmark all activities; ICMA Study recommendation.
- Received the Storm Ready designation from the National Weather Service to help enhance the Town's overall emergency management program and increase volunteer involvement with periodic Storm Spotter training for citizens and

emergency services personnel.

### Objectives for FY2013

- Replace the following equipment through the capital equipment replacement fund:
  - Engine 103 (1993 model) with a new pumper and move Engine 101 (1997 model) to reserve status.
  - Battalion 101 vehicle (2004 model) with a new incident commander vehicle.
  - One cardiac monitor/defibrillator.
  - One thermal imaging camera.
- Continue to host its annual open house public education program, conduct the annual smoke detector battery replacement program in residential dwellings, and seek additional opportunities to provide public safety education.
- Continue to provide a high level of emergency service to the community in the Addison Way.

### Notable Budget Items

- Uniforms and protective clothing (\$74,650).
- Training (\$116,095).
- Motor vehicle/equipment maintenance (\$100,000).
- Modified Level of Service: Automated External Chest Compression Device (\$16,600).



Expenditures	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Personal Services	\$4,855,995	\$4,808,310	\$4,802,650	\$4,843,180
Supplies	253,892	259,070	265,320	308,410
Maintenance	267,538	206,010	206,010	194,880
Contractual Services	276,730	287,310	281,310	323,710
Capital Replacement/Lease	108,500	317,000	317,000	357,920
Capital Outlay	10,678	-	-	45,000
<b>TOTAL DEPT. BUDGET</b>	<b>\$5,773,333</b>	<b>\$5,877,700</b>	<b>\$5,872,290</b>	<b>\$6,073,100</b>

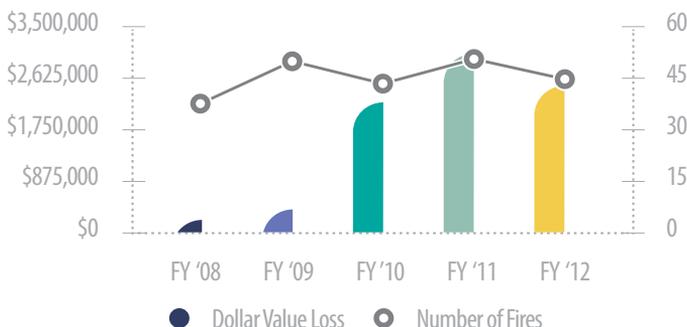
Staffing	Level	Budget 2009-10	Budget 2010-11	Budget 2011-12	Budget 2012-13
Fire Chief	31	1.0	1.0	1.0	1.0
Deputy Chief - Operations	F6	1.0	0.0	0.0	0.0
Deputy Chief - Prevention*	F6	1.0	1.0	0.0	0.0
Deputy Chief – EMS/Training	F6	1.0	1.0	1.0	1.0
Battalion Chief	F5	0.0	0.0	3.0	3.0
Fire Captain**	F4	6.0	6.0	3.0	3.0
Fire Prevention Specialist	FP2	1.0	1.0	1.0	1.0
Fire Lieutenant	F3	6.0	6.0	6.0	6.0
Fire Prevention Technician	FP1	0.0	0.0	0.0	0.0
Firefighter/Paramedic	F2a	9.0	9.0	9.0	9.0
Firefighter/Paramedic	F2	27.0	27.0	27.0	27.0
Department Assistant	8	0.0	0.0	0.0	1.0
Secretary - Department***	8	1.0	1.0	1.0	0.0
<b>TOTAL</b>		<b>54.0</b>	<b>53.0</b>	<b>52.0</b>	<b>52.0</b>

\*This position was eliminated in FY12.

\*\*Three Fire Captain positions were reclassified to Battalion Chiefs in FY12.

\*\*\*This position was reclassified to Department Assistant in late FY12.

### Number of Fires and Corresponding Property Loss



In FY10, property losses increased substantially due to a large fire in the Oaks North subdivision, and continued in FY11, due to fires at a hotel and an apartment complex. There were three additional apartment complex fires in FY12 that attributed to the high dollar value loss.

# Development Services

## Department Mission

To manage the planning, development, and growth of the Town in a manner that results in a pleasant, safe, and attractive environment and an enhanced quality of life for all of Addison's citizens and visitors. To protect the public's health and welfare through the enforcement of the Town's codes regarding construction, signs, community safety and appearance, food service, swimming pools, and hazardous materials.

## Program Narrative

### Accomplishments of FY2012

- Completed a complex rezoning process for the Village on the Parkway.
- Began process for updating the Town's Comprehensive Land Use Plan.
- Implemented a program to take entire Department paperless with regard to large plans and record drawings.
- Scanned all construction plans for Addison Circle for electronics storage.
- Worked with volunteers four mornings a week to scan building permits and enter them into document management system.
- Coordinated, inspected and licensed six (6) new or reoccupied/remodeled food establishments to date, including: Burrito Jimmy, LaZaranda, The Loving Hut, McFaddens Saloon, Raising Canes and Johnny's Pizza.
- Four (4) more restaurants/food establishments, including: Murphy's Deli, Sweet Frog Yogurt, Just Fried Rice and Sanabel's Mediterranean are in varying stages of plan review, construction, or remodeling.
- Worked with Tom Lamberth at UDR, US Food Trucks, and various vendors towards establishing a recurring food truck venue at Savoye Addison/Vitruvian Park.
- On pace to issue 60+ permits to private businesses hosting outdoor sales and/or special promotion events.
- Managed two garage sales for the Town.
- Issued 611 permits with a valuation of \$62,478,363 (10-1-11 to 3-31-12) – up \$42 million over value issued during the same period last year.
- Stepped up enforcement of graffiti ordinance and sign ordinance.
- Simplified inspection logging procedure for Inspectors by providing iPads for use in the field.
- Presented to the City Council meritorious exceptions to the sign ordinance.

### Objectives for FY2013

- Update and re-format the Town's Comprehensive Plan and begin identified special area studies.
- Work with developers of the Village on the Parkway on final development plans and construction of improvements to the Village on the Parkway.
- Maintain usual vigilance with restaurants regarding food inspection and customer safety, including gourmet food truck venues and activity.
- Maintain vigilance in mosquito control matters in anticipation of possible West Nile Virus outbreak and other possible mosquito-borne illnesses.
- Implement third phase of the Building Inspection Management System, including having all inspections logged to a central file and providing inspection results over the internet.
- Complete next phase of scanning for building permit record sets. Next phase will include multi-tenant office buildings on the Tollway.
- Continue Laserfiche copying of past permits and COs (with help of volunteers) for electronic filing.
- Attend continuing education seminars to obtain certification in building code disciplines and maintain current professional licenses.

### Notable Budget Items

- Rental costs for two Town-sponsored garage sale and recycling events, including storage space (\$25,000).
- Mowing of private property (\$10,000).
- Modified Level of Service: Consultant Fees for Special Studies from Comprehensive Plan (\$50,000).



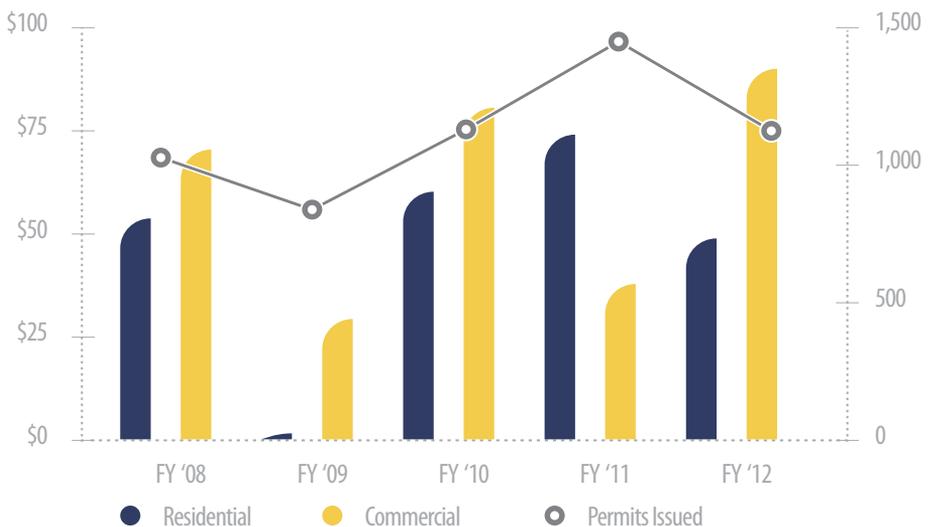
Expenditures	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Personal Services	\$774,726	\$771,620	\$761,510	\$795,610
Supplies	17,410	16,110	16,110	19,800
Maintenance	1,078	2,650	2,650	3,400
Contractual Services	71,169	83,320	83,320	137,000
Capital Replacement/Lease	12,400	28,600	28,600	29,120
Capital Outlay	8,435	-	-	-
<b>TOTAL DEPT. BUDGET</b>	<b>\$885,218</b>	<b>\$902,300</b>	<b>\$892,190</b>	<b>\$984,930</b>

Staffing	Level	Budget 2009-10	Budget 2010-11	Budget 2011-12	Budget 2012-13
Director - Development Services	31	1.0	1.0	1.0	1.0
Official - Building	28	1.0	1.0	1.0	1.0
Official - Environmental Services	28	1.0	1.0	1.0	1.0
Inspector - Building*	13	2.0	2.0	2.2	2.2
Environmental Health Specialist	12	1.0	1.0	1.0	1.0
Department Assistant	8	0.0	0.0	0.0	1.0
Secretary - Department**	8	1.0	1.0	1.0	0.0
<b>TOTAL</b>		<b>7.0</b>	<b>7.0</b>	<b>7.2</b>	<b>7.2</b>

\*A part-time Inspector was added in FY12.

\*\*This position was reclassified to Department Assistant in late FY12.

### Number and Dollar Value (in millions) of Building Permits Issued



# Streets

## Department Mission

The Streets department is a sub-unit of the Public Works department. The department has a multi-faceted mission which is comprised of the following components: 1. Maintain the Town's streets at a level where none of the estimated 150,000 vehicles that traverse the Town's streets every day are delayed due to pavement failure; 2. Maintain the Town's drainage system to remove storm water at the peak levels for which the system was designed; 3. Ensure all traffic signalization is operated to safely and efficiently move vehicular traffic through the community; 4. Collect all residential brush within two business days; 5. Administer the contract with a private waste hauler for the effective collection of recycling and residential waste; 6. Supervise and coordinate the placement of all utility lines (e.g. electricity, natural gas, telecommunications, and cable) within the Town's right-of-way to minimize the potential for disruption of utility services; 7. Administer the contract with a private street sweeping company to maintain clean streets; and 8. Oversee the installation, repair and maintenance of street lighting facilities Town-wide.

## Program Narrative

### Accomplishments of FY2012

- Contracted major pavement repairs on Midway Road and Quorum Drive.
- Contracted roadway joint and crack sealing on Quorum Drive, from Keller Springs Road to Westgrove.
- Contracted the replacement of pavement markers (buttons, stop bars, arrows, etc.) on various roadways.
- Contracted replacement of signal rewiring at three intersections.
- Worked closely with the Special Events Committee to ensure successful traffic management and orderly parking at all special events.
- Provided emergency response to all weather emergencies including storm debris cleanup and road sanding during icing conditions.

## Objectives for FY2013

- Continue to repair major pavement failures and replace pavement markers on various roadways.
- Update operations and maintenance program for streets, traffic signals and lighting.
- Complete the design to bury the overhead utilities on Belt Line Road.
- Provide community service related to weather emergencies, traffic signal and street sign maintenance, brush and bulk item pick-up, and special events management.

## Notable Budget Items

- Electricity for street lights and signals (\$304,000).
- Residential garbage collection services (\$264,160).
- Modified Level of Service: Montfort Drive and Celestial Road Curb Realignment (\$30,000).
- Modified Level of Service: Street Maintenance Program (\$100,000).
- Modified Level of Service: Joint and crack sealing (\$50,000).
- Modified Level of Service: Battery Power Backups (\$42,000).



Expenditures	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Personal Services	\$425,122	\$374,990	\$342,750	\$375,020
Supplies	24,248	32,810	31,810	28,060
Maintenance	329,997	354,400	362,090	583,400
Contractual Services	817,044	859,610	907,380	801,450
Capital Replacement/Lease	15,600	26,700	26,700	23,520
Capital Outlay	-	-	-	-
<b>TOTAL DEPT. BUDGET</b>	<b>\$1,612,011</b>	<b>\$1,648,510</b>	<b>\$1,670,730</b>	<b>\$1,811,450</b>

Staffing	Level	Budget 2009-10	Budget 2010-11	Budget 2011-12	Budget 2012-13
Streets Superintendent*	24	1.0	1.0	0.0	0.0
Supervisor - Streets Services	12	1.0	1.0	1.0	1.0
Technician - Signs/Signals	11	2.0	2.0	2.0	2.0
Animal Control Officer**	8	1.0	1.0	0.0	0.0
Senior Maintenance Worker	5	2.0	2.0	2.0	2.0
<b>TOTAL</b>		<b>7.0</b>	<b>7.0</b>	<b>5.0</b>	<b>5.0</b>

\*This position was eliminated in FY12.

\*\*This position was moved to the Police department in mid-FY11.

# Parks

## Department Mission

To preserve and enhance the Town's exceptional quality of life through the landscaping and park amenities in the community's public open spaces, as well as through landscaping of private properties.

## Program Narrative

### Accomplishments of FY2012

- Continued to outsource maintenance for landscape and irrigation, park display fountains, park lakes, outdoor landscape lighting, seasonal color planting, tree trimming, paving, painting and park mowing. The Town added 23 acres of new park, trail and streetscape improvements this year. All maintenance for the new areas will be outsourced.
- Completed drip irrigation systems on medians at Vitruvian Way, Spring Valley Road and Belt Line Road as an ongoing program to conserve water.
- Entered into an interlocal agreement with the City of Carrollton to share services for contract tree trimming. "Hazard" tree limbs were removed along the White Rock Creek Trail.
- Completed the George H.W. Bush Elementary Project and Redding Trail improvements, and opened for resident use. The one quarter mile trail section links the Vitruvian Park District to the Redding Trail System, which was an important step in improving cross town trail connectivity.
- Department staff assisted the Addison Arbor Foundation with the design completion of the Surveyor Water Tower Demonstration Garden. Completed tree replacements and landscape renovation work in Celestial Park, Celestial Road ROW, Oaks North, Midway Meadows, Les Lacs Park and Redding Trail, and completed the step riser replacement in Celestial Park that was vandalized last year.
- Completed installation of landscape lighting at the Les Lacs Drive and Beltway Drive entry median. Replaced 38 deteriorating bollard lights along the Redding Trail with more energy efficient LED bollard lights.

## Objectives for FY2013

- Develop a 5-year Operations and Maintenance Plan.
- Develop and implement a communication program to ensure proper pruning and landscape irrigation water conservation practices are followed on commercial properties.
- Complete the Surveyor Water Tower Demonstration Garden installation.
- Complete various park hardscape renovation projects, including: Town Park perimeter fence replacement, North Addison Park fence painting and various neighborhood screen wall repairs.
- Complete various landscape renovation projects in Town Park, the Addison Circle District, Celestial Pump Station and Inwood Right-of-way. Continue to pursue additional shared services with neighboring cities where feasible. Update the Parks and Recreation Open Space Master Plan to identify future cross-town trail connectivity opportunities and options for optimizing use of existing park spaces.
- Continue the Earthkind Landscape Management Plan using native drought tolerant landscape plant materials to conserve water and to eliminate application of pesticides and inorganic fertilizers.

## Notable Budget Items

- Addison Circle Park maintenance (\$83,000), seasonal color (\$63,000), outdoor lighting (\$65,000), and mowing contract (\$125,000).
- Water utility costs (\$516,000).
- Modified Level of Service: Landscape Architect (\$98,670).
- Modified Level of Service: Replacement RainMaster Central Control Computer and Software (\$13,000).
- Modified Level of Service: Enhanced Lighting - Beckert Park (\$16,000).
- Modified Level of Service: Traffic Control Arrow Board (\$9,000).

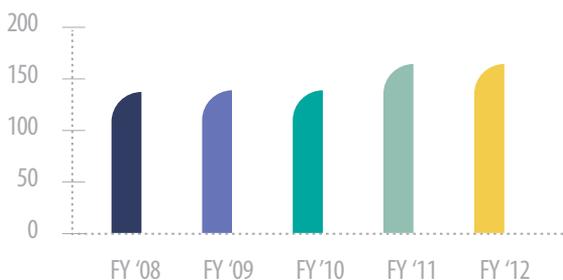


Expenditures	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Personal Services	\$1,154,199	\$1,339,250	\$1,335,280	\$1,409,030
Supplies	121,461	160,200	156,200	177,700
Maintenance	381,527	676,800	694,640	728,500
Contractual Services	876,714	753,370	855,370	847,500
Capital Replacement/Lease	31,349	46,600	46,600	54,260
Capital Outlay	-	-	(75,000)	9,000
<b>TOTAL DEPT. BUDGET</b>	<b>\$2,565,250</b>	<b>\$2,976,220</b>	<b>\$3,013,090</b>	<b>\$3,225,990</b>

Staffing	Level	Budget 2009-10	Budget 2010-11	Budget 2011-12	Budget 2012-13
Director - Parks and Recreation	31	1.0	1.0	1.0	1.0
Manager - Parks	26	1.0	1.0	1.0	1.0
Landscape Architect	28	0.0	0.0	0.0	1.0
Superintendent - Parks	20	0.0	0.0	0.0	1.0
Foreman - Parks*	20	1.0	1.0	1.0	0.0
Supervisor - Parks	11	1.0	1.0	1.0	2.0
Irrigation Technician	10	3.0	3.0	3.0	3.0
Senior Groundskeeper	9	2.0	2.0	2.0	1.0
Department Assistant	8	0.0	0.0	0.0	1.0
Secretary - Department*	8	1.0	1.0	1.0	0.0
Groundskeeper - III	8	2.0	2.0	2.0	2.0
Groundskeeper - II	6	2.0	2.0	2.0	2.0
Groundskeeper - I	5	6.0	6.0	6.0	6.0
<b>TOTAL</b>		<b>20.0</b>	<b>20.0</b>	<b>20.0</b>	<b>21.0</b>

\*This position was reclassified to Superintendent - Parks in late FY12.

### Acres Maintained



Acres maintained increased in FY11 due to the addition of the first phase of the Vitruvian Park development, Vitruvian Way medians, the George H.W. Bush Elementary School campus, and the Redding Trail Extension.

# Recreation

## Department Mission

To offer and maintain for the Town's residents a wide array of recreation, health, fitness, and athletic programs at the Athletic Club. Facilities at the Club include an indoor, four-lane lap/swim pool with whirlpool, four racquetball courts, gymnasium, aerobic room, indoor running track, one lighted outdoor tennis court, weight and fitness room, and an outdoor leisure pool.

## Program Narrative

### Accomplishments of FY2012

- Implemented several successful programs that were well attended and satisfied member interests and requests, including: Senior Zumba, Dunn Brothers Coffee, Fit to be a Senior, Senior Trips and Lunches, Pancake Breakfast, Senior Thanksgiving Dinner, Swim Lessons, Friday Night In, Easter Eggstravaganza, Halloween Bash, Bouncing Saturday, Zumba, Spin Bike Class, Yoga, Personal Training, and Boot Camp.
- Completed a successful summer camp that served 40 families, averaged 21 kids per week, and made a small profit.
- Collaborated with Human Resources to implement the employee wellness program including Yoga, Employee Boot Camp, and Co-Ed Sports.
- Completed research in conjunction with the IT department to find the best solution to replace the existing recreation software package, with the capability of providing online registration for Athletic Club members.
- Completed the following building repairs and improvements: Repair/refurbished outdoor pool columns, installed a supplemental sanitation system for outdoor pools, replaced swim suit spinner, replaced indoor pool handicap stairs, purchased ADA pool lift, replaced 4 weight benches/4 exercise bikes, outdoor pool plaster repair, and inspected pool drains for compliance.
- Coordinated training for seasonal employees with Human Resources that included: Town's Mission Statement/Vision and Values, Organization Structure, Policy Overview, Safety, Customer Service Expectations including the Addison Way and Professionalism at Work.

## Objectives for FY2013

- Replace existing RecWare recreation software with a new package that provides online program registration, online reservations, and new/updated features (\$60,000).
- Replace the video surveillance system (\$50,000).
- Continue to work with Human Resources to provide wellness opportunities to Town employees.
- Continue to assess current recreation programs to ensure they are meeting Town goals, offer new programs based on resident interests and requests, review current marketing strategies to promote participation and discontinue programs that are not well attended.
- Provide excellent customer service and offer customer service training for staff including summer seasonal employees.

## Notable Budget Items

- Building maintenance for the Addison Athletic Club (\$207,730).
- Utilities associated with the operation of the Addison Athletic Club (\$187,580).
- Rentals associated with activities and programs (\$30,000).
- Instructor fees (\$53,680). These fees are recovered through charges to participants.
- Modified Level of Service: Replace and Upgrade TVs in Fitness Areas (\$16,000).
- Modified Level of Service: Re-Stain Outdoor Basketball Court Concrete (\$16,000).
- Modified Level of Service: Portable Shade Structures - Outdoor Pool (\$11,000).

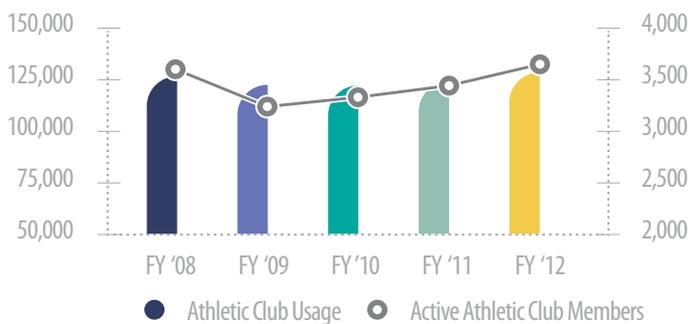


Expenditures	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Personal Services	\$782,300	\$782,130	\$761,020	\$779,550
Supplies	128,057	137,330	141,590	179,500
Maintenance	209,099	179,220	180,990	223,130
Contractual Services	278,682	322,400	322,440	316,410
Capital Replacement/Lease	68,600	58,900	58,900	57,020
Capital Outlay	29,678	-	-	-
<b>TOTAL DEPT. BUDGET</b>	<b>\$1,496,416</b>	<b>\$1,479,980</b>	<b>\$1,464,940</b>	<b>\$1,555,610</b>

Staffing	Level	Budget 2009-10	Budget 2010-11	Budget 2011-12	Budget 2012-13
Manager - Recreation	26	1.0	1.0	1.0	1.0
Supervisor - Recreation	11	1.0	1.0	1.0	1.0
Coordinator - Recreation	9	2.0	2.0	2.0	2.0
Coordinator - Fitness	9	1.0	1.0	1.0	1.0
Seasonal Pool Supervisor	8	0.2	0.2	0.2	0.2
Secretary - Division	7	1.0	1.0	1.0	1.0
Seasonal Senior Lifeguard	5	0.2	0.2	0.2	0.2
Recreation Associate	5	4.0	4.0	4.0	4.0
Seasonal Camp Counselor	5	0.6	0.6	0.6	0.6
Custodian*	2	2.0	2.0	1.0	1.0
Seasonal Lifeguard	2	1.6	1.6	1.6	1.6
Porter	2	1.0	1.0	1.0	1.0
<b>TOTAL</b>		<b>15.6</b>	<b>15.6</b>	<b>14.6</b>	<b>14.6</b>

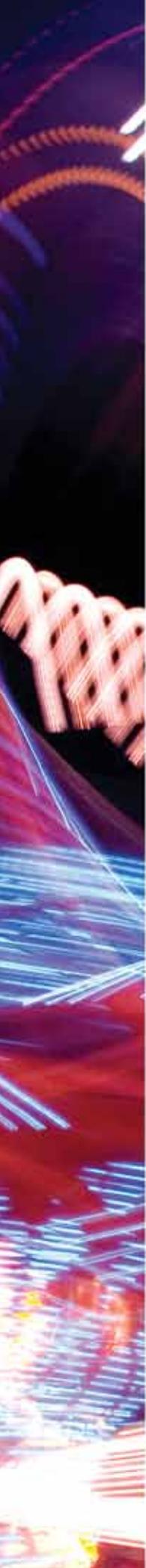
\*One Custodian position was eliminated in mid-FY11.

### Addison Athletic Club Facility Usage (number of visits) and Active Athletic Club Members



In FY09 the number of visits declined slightly due to the demolition of several apartment complexes as part of the Vitruvian Park development.





**“DO WHAT YOU DO  
SO WELL THAT THEY  
WILL WANT TO SEE IT  
AGAIN AND BRING  
THEIR FRIENDS.”**

— WALT DISNEY, THE WALT DISNEY COMPANY

# Hotel Fund

## Fund Description

The Hotel Fund accounts for the use of hotel/motel occupancy tax revenue generated by the Town's 22 hotels (representing 3,953 rooms) and which is restricted by State legislation to directly enhancing and promoting tourism and the convention and hotel industry.

## Fund Narrative

### Concluding Fiscal Year Performance

Revenues are expected to total \$6,586,520 or \$16,030 less than budget. Though this amount is less than projected, the 2011 fiscal year showed a slight increase in revenue over the previous two years, and fiscal year 2012 was no different as the expected hotel occupancy tax receipts represent an 8.5 percent increase over 2011. Proceeds from special events are expected to be up 5 percent from the previous year due to increased attendance at Taste Addison and Oktoberfest. Conference Centre rental estimates reflect an estimated 15% increase in revenue over prior year. Expenditures came in under the original budget by \$46,500 which offset the lower revenue. All instances of expenditures exceeding budget were recognized with budget amendments approved by Council.

### 2012-2013 Budget Narrative

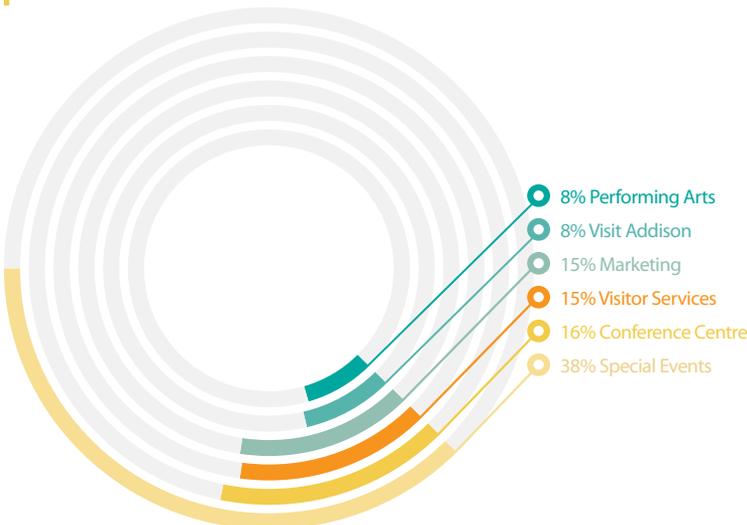
The Hotel Fund budget for FY2013 anticipates hotel occupancy tax collections will modestly increase by \$100,000 over last year's budgeted amount. Barring inclement weather

during scheduled events, special event income is expected to generate \$1.7 million. Rental rates for the Conference Centre will be adjusted to market and are expected to bring in \$603,290. The Visit Addison center will be open for the entire fiscal year and should generate at least \$230,000 in income. For the 2012 Fiscal Year reporting, the Visit Addison rental line includes revenue from the Craft Guild building lease fees, MetroCrest Chamber building lease fees, and Craft Guild facility fees. The new reporting structure for FY2013 will separate the building lease and facility fees from meeting room rental revenue.

Operating expenditures will be impacted by the operating and maintenance costs of Visit Addison center that are projected to total \$570,690. Total fund expenditures are budgeted at \$6,644,880, which represent a 1.7 percent increase over the 2012 fiscal year budget. The Hotel Fund budget includes a transfer of \$570,000 to the Hotel Occupancy Tax Debt Service Fund for retirement of debt associated with Addison Circle Park, the venue for the Town's special events. It also includes a transfer to the General Fund of \$50,000 for the reduction of an advance provided for the purchase of a new HVAC unit at the Conference Centre. The fund's long term plan reflects fund balance to gradually decline through the 2014 fiscal year with a projected ending fund balance of \$990,830, which represents 14.9 percent of operating expenditures.<sup>1</sup>

1. Please refer to the Hotel Fund long-term plan in Appendix E for more information on this topic.

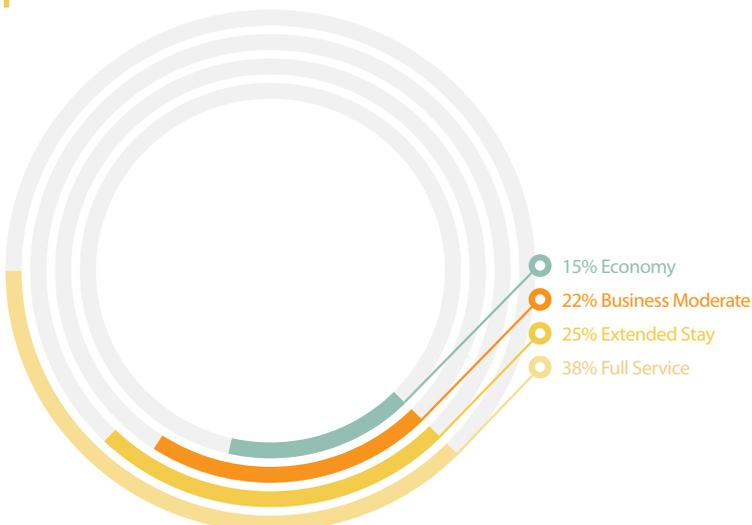
## Hotel Fund Expenditures by Department



**Hotel Fund Statement of Revenue and Expenditures**

Category	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Beginning Balance	\$4,430,943	\$2,379,370	\$2,131,380	\$1,560,870
<b>Revenues</b>				
Hotel/motel occupancy taxes	4,000,786	4,100,000	4,214,050	4,200,000
Proceeds from special events	1,426,197	1,727,000	1,615,970	1,700,000
Conference Centre rental	428,777	488,750	500,000	603,290
Visit Addison rental	70,740	193,000	175,000	230,000
Theatre Centre rental	82,107	78,000	70,000	70,000
Interest earnings and other	17,770	15,800	11,500	8,000
<b>Total Revenues</b>	<b>6,026,377</b>	<b>6,602,550</b>	<b>6,586,520</b>	<b>6,811,290</b>
<b>Total Available Resources</b>	<b>10,457,320</b>	<b>8,981,920</b>	<b>8,717,900</b>	<b>8,372,160</b>
<b>Expenditures</b>				
Visitor Services	1,008,029	1,053,700	1,013,070	1,008,600
Visit Addison	1,978,750	610,740	571,490	570,690
Marketing	727,291	763,910	786,650	995,860
Special Events	2,405,602	2,461,960	2,460,780	2,522,430
Conference Centre	1,007,162	1,080,980	1,092,900	1,041,840
Performing Arts	529,105	562,240	562,140	505,460
<b>Total Expenditures</b>	<b>7,655,939</b>	<b>6,533,530</b>	<b>6,487,030</b>	<b>6,644,880</b>
<b>Other Financing Sources(Uses)</b>				
Interfund transfer	(670,000)	(670,000)	(670,000)	(620,000)
<b>ENDING FUND BALANCE</b>	<b>\$2,131,381</b>	<b>\$1,778,390</b>	<b>\$1,560,870</b>	<b>\$1,107,280</b>

## Percentage of Rooms by Hotel Category



# Visitor Services

## Department Mission

To contribute to the economic vitality of the community by attracting and welcoming visitors, increasing hotel occupancy, and promoting Addison as a visitor destination.

## Program Narrative

### Accomplishments of FY2012

- Conducted a comprehensive business review, which included analysis of internal documents, business processes, staffing levels, and financial reporting methods. Based upon the analysis, significant operational changes were made to enhance productivity of the department.
- Completed a comprehensive industry analysis that identified future trends in tourism and hospitality, and identified industry best practices, which helped inform the decision for restructuring the department. The study included review and analysis of industry reports, academic articles, industry economic data, and interviews with industry experts, internal staff and Addison hotel General Managers.
- Identified and implemented reporting tools to track the direct impact special events and Visitor Services weekend marketing campaigns have on hotel occupancy, hotel average daily rates and hotel revenue per available room, which are standard hospitality metrics.
- Conducted a market analysis which included data from the Texas State Comptroller, Governor's Office of Economic Development and Tourism, Destination Marketing Association International, and Smith Travel Research for the purpose of identifying target markets, identifying competitive set cities, and conveying to internal and external stakeholders the economic impact of tourism for the Town of Addison.
- Identified the technology needs for the department and wrote the specifications for a customer relationship management system, website lodging booking engine, content management system, and other tourism e-commerce tools for the Town's website redesign Request for Proposal.

- Represented Addison hotels at three trade shows to increase awareness of Addison as a meeting destination.
- Trained 18 volunteers to be Certified Tourism Ambassadors.
- Created a Visitor Services Strategic Plan and began implementation.

### Objectives for FY2013

- Implement new metrics for tracking departmental productivity and for tracking the number of Addison hotel room nights Visitor Services program helps to generate.
- Work with Marketing to create and implement weekend marketing campaigns to generate hotel room nights.
- Revise the Hotel Support Program guidelines to reach 100% participation.
- Implement destination management technologies to simplify and enhance the visitor experience, and to streamline business processes.
- Create committees with Addison hoteliers and Town of Addison staff in the following areas: Sports Marketing, General Marketing, Pedestrian Connectivity and Special Events. The purpose of the committees is to further cultivate relationships with our hotel partners and to gather their input on significant Town projects.
- Standardize the sales assistance process which will better track the number of hotel room nights the department helps to generate.
- Continue to develop programs to further establish Addison as a visitor destination.

### Notable Budget Items

- Hotel support program (\$200,000).
- Modified Level of Service: Brochure Redesign and Printing (\$35,000).

Expenditures	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Personal Services	\$325,898	\$368,310	\$368,310	\$285,260
Supplies	70,159	23,220	30,060	28,360
Maintenance	199,391	46,300	41,390	69,220
Contractual Services	408,881	612,070	569,510	613,450
Capital Replacement/Lease	3,700	3,800	3,800	12,310
Capital Outlay	-	-	-	-
<b>TOTAL DEPT. BUDGET</b>	<b>\$1,008,029</b>	<b>\$1,053,700</b>	<b>\$1,013,070</b>	<b>\$1,008,600</b>

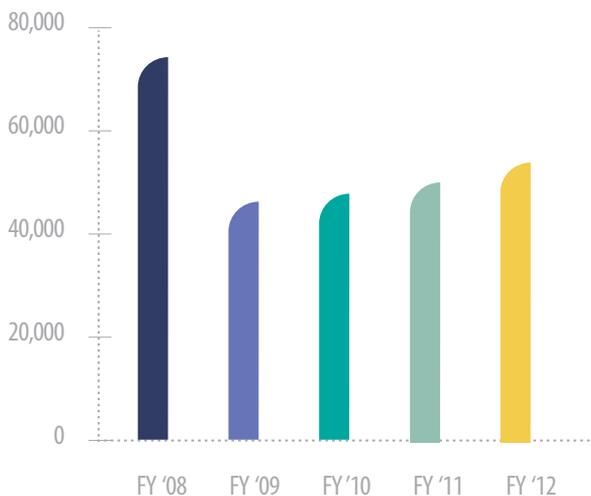
Staffing	Level	Budget 2009-10	Budget 2010-11	Budget 2011-12	Budget 2012-13
Director - Visitor Services	31	1.0	1.0	1.0	1.0
Assistant to the City Manager*	25	0.0	0.0	0.0	1.0
Sales Manager**	22	1.0	1.0	1.0	0.0
Department Assistant	8	0.0	0.0	0.0	1.0
Secretary - Department ***	8	0.5	1.0	1.0	0.0
<b>TOTAL</b>		<b>2.5</b>	<b>3.0</b>	<b>3.0</b>	<b>3.0</b>

\*This position was added mid-FY12.

\*\*This position was eliminated mid-FY12.

\*\*\*This position was reclassified to Department Assistant in late FY12.

### Hotel Room Nights - Visitor Services Sales Assistance Programs



# Visit Addison

## Department Mission

To provide a visitor and arts center that will be unique, artistic, and a first of its kind in Texas that will promote the wares of local artisans and intermingle their art with the story, services, and offerings of the Town and the area.

As unique as Addison itself, the new facility is the place to get information about the Town of Addison's attractions including 22 hotels, over 170 restaurants, the Cavanaugh Flight Museum, the Water-Tower Theatre, the Town's rich variety of shopping opportunities, and Addison special events. The center is comprised of approximately 26,000 square feet and is home to the Visitor Services department, the Metrocrest Chamber of Commerce, and the Craft Guild. The facility features a large flexible space for meetings, gatherings, and exhibitions; a retail space; and a new interactive artisan center that allows visitors to observe the creation of artistic wares as well as participate in craft development classes. The center is located in the Village on the Parkway retail area and is considered an "anchor tenant" that will attract shoppers for the area's other retail businesses.

## Program Narrative

### Accomplishments of FY2012

- Trained 18 volunteers who are now qualified as Certified Tourism Ambassadors.
- Hosted 5,600 people in the facility: 1,000 Craft Guild students; 4,200 Meeting attendees (include suite 400 and 430); and approximately 400 Visitors seeking tourism information.
- Hosted 3 art exhibits.
- Completed a competitive cost comparison with other venues to adjust pricing to market rates.
- Worked with area Chambers of Commerce, internal departments, and other outside organizations to book networking receptions for the purpose of showcasing the venue, and soliciting future event business.

- Began the business review process at the end of FY2011-12 to evaluate the business model, review work flows, and evaluate the market to determine the most effective positioning of the venue.
- Developed a new fee structure for the rental spaces and commission on all catering brought into the facility effective October 1, 2012.

### Objectives for FY2013

- Generate 7,000 visitors: 1,200 craft guild students; 5,200 meeting attendees; and 600 visitors seeking tourism information.
- Continue creating a social media presence to promote Addison and inform visitors.
- Assist Village on the Parkway restaurants and businesses in generating revenue through events held in Visit Addison.
- Partner with Addison hotels to create room night producing events.
- Generate a 20% increase in revenue.

### Notable Budget Items

- Rental of space at Village on the Parkway (\$374,000).
- Utilities (\$39,100).

Expenditures	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Personal Services	\$-	\$7,940	\$7,940	\$8,340
Supplies	155,667	75,350	66,350	41,650
Maintenance	1,197,350	44,000	41,500	50,500
Contractual Services	616,492	483,450	455,700	470,200
Capital Replacement/Lease	-	-	-	-
Capital Outlay	9,241	-	-	-
<b>TOTAL DEPT. BUDGET</b>	<b>\$1,978,750</b>	<b>\$610,740</b>	<b>\$571,490</b>	<b>\$570,690</b>

# Marketing

## Department Mission

To coordinate the Town's various communication efforts to ensure that they reflect the Town's philosophy and message.

## Program Narrative

### Accomplishments of FY2012

- Developed a Strategic Communications and Marketing Plan for the organization.
- Designed, integrated and launched new online Addison calendar.
- Contracted with a new strategic marketing and advertising Agency of Record for the production of all professional marketing and advertising services.
- Refined special events marketing materials and developed baseline advertising metrics.
- Released Request for Proposals for redesign of Town website.

## Objectives for FY2013

- Oversee the completion of the Town Re-Branding Study to increase our competitive edge.
- Completion and launch of a comprehensive website redesign project that will be progressive, relevant, and reflective of the Addison Brand (cost for the entire website project will be dispersed over several Town Funds).
- Develop stronger community engagement.
- Develop measurement metrics for all Town marketing and advertising products.

## Notable Budget Items

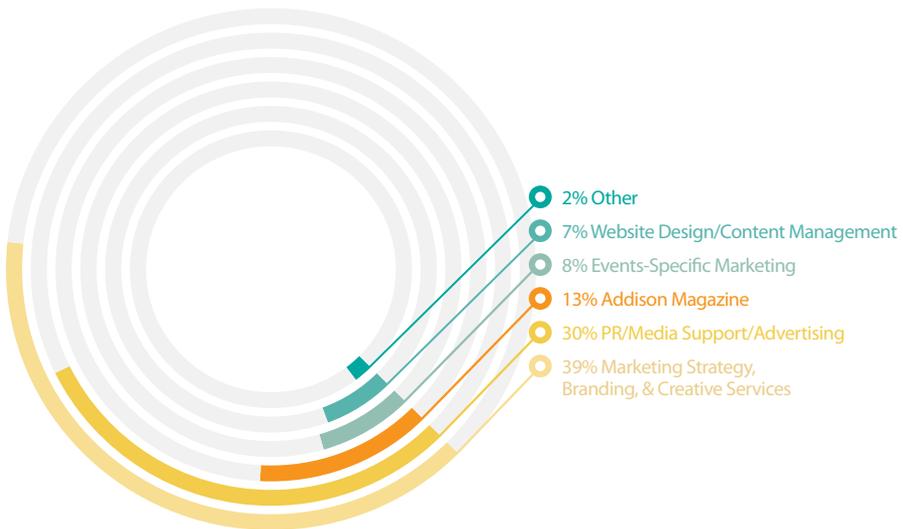
- Addison Branding Study (\$60,000).
- Website redesign (\$50,000).
- Marketing for Special Events (\$71,000).
- The Vivanti Group and The Matchbox Studio contract for providing creative services and marketing consulting for the Town (\$70,000).
- Shiroma Southwest contract for providing marketing and public relations services for all special events and Access Addison (\$75,000).
- Addison/North Dallas Corridor Guide (\$111,750).
- Modified Level of Service: Branding and Logo: Strategy, Design and Development (\$60,000).
- Modified Level of Service: Vitruvian Events (\$45,000).

Expenditures	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Personal Services	\$16,850	\$133,760	\$132,710	\$150,550
Supplies	7,377	1,400	6,290	5,770
Maintenance	-	-	-	6,090
Contractual Services	703,064	626,250	645,150	829,300
Capital Replacement/Lease	-	2,500	2,500	4,150
Capital Outlay	-	-	-	-
<b>TOTAL DEPT. BUDGET</b>	<b>\$727,291</b>	<b>\$763,910</b>	<b>\$786,650</b>	<b>\$995,860</b>

Staffing	Level	Budget 2009-10	Budget 2010-11	Budget 2011-12	Budget 2012-13
Director - Marketing *	31	0.0	0.0	1.0	1.0
<b>TOTAL</b>		<b>0.0</b>	<b>0.0</b>	<b>1.0</b>	<b>1.0</b>

\*This position was added in mid-FY11.

## Marketing Expenditures by Category



# Special Events

## Department Mission

To produce quality events that attract tourists and enhance the Town's brand.

## Program Narrative

### Accomplishments of FY2012

- Continued to host a series of special events on approximately 27 weekends, featuring expanded promotions.
- Retained market share for existing events with estimated attendance 680,000 people and generated approximately \$1.784 million in revenue.
- Addison Kaboom Town!® was rated one of the best fireworks show in the country by Forbes, Travel Channel and Bing. In addition, the event received coverage on the front page of The Dallas Morning News on July 4th.
- Hosted the 5th annual WorldFest event that represented the Town of Addison as a community that celebrates global diversity.
- Booked approximately 1,807 room nights through the Spend the Night program valued at \$124,883
- Worked with the Information Technology department to design and implement an e-commerce portal and a performance dash board for each of the events.

## Objectives for FY2012

- Develop a strategic plan to produce a series of quality special events that attract tourists and enhance the Town's assets, including: Taste Addison, Addison Kaboom Town!®, Summer Series, Oktoberfest, WorldFest plus a series of third party events
- Retain market share of approximately 650,000 visitors at the existing events by keeping the events fresh with new ideas.
- Develop a strategic plan for hosting events at Vitruvian Park.
- Develop a strategic plan to celebrate the Town's 60th Anniversary.
- Look for operational efficiencies without cutting services and generate \$1.7 million in revenue.
- Implement event portal with vendors, staff and volunteers.

## Notable Budget Items

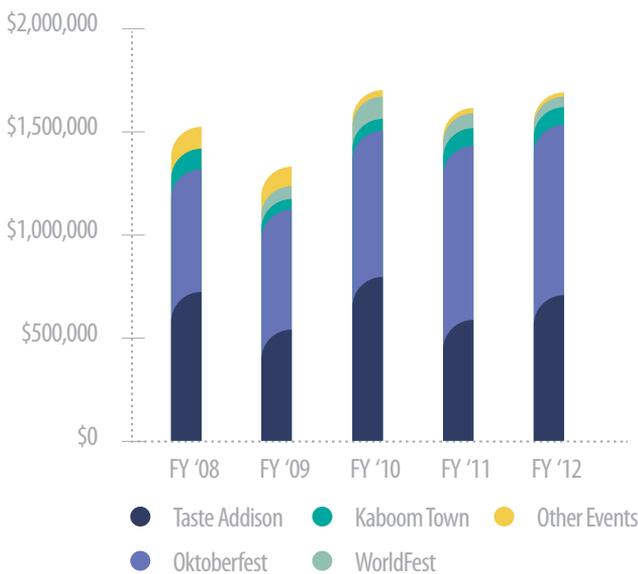
- Events including Taste Addison (\$596,000), Oktoberfest (\$542,000), Kaboom Town (\$260,000), WorldFest (\$219,350), and Summer Series (\$44,320).
- Maintenance of and utilities for Addison Circle Park (\$231,140).
- Modified Level of Service: Admission Kiosk Painting (\$15,000).
- Modified Level of Service: Special Events Intern (\$27,040).
- Modified Level of Service: Ticket Scanners (\$15,000).
- Modified Level of Service: Kaboom Town Improvements (\$22,880).

Expenditures	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Personal Services	\$577,079	\$578,780	\$576,840	\$643,300
Supplies	8,861	12,400	12,530	28,910
Maintenance	195,923	196,770	201,900	154,590
Contractual Services	1,585,039	1,642,610	1,638,110	1,654,660
Capital Replacement/Lease	38,700	31,400	31,400	40,970
Capital Outlay	-	-	-	-
<b>TOTAL DEPT. BUDGET</b>	<b>\$2,405,602</b>	<b>\$2,461,960</b>	<b>\$2,460,780</b>	<b>\$2,522,430</b>

Staffing	Level	Budget 2009-10	Budget 2010-11	Budget 2011-12	Budget 2012-13
Director - Special Events	31	0.0	1.0	1.0	1.0
Administrator - Special Events	28	1.0	0.0	0.0	0.0
Senior Coordinator - Special Events*	20	1.0	0.0	0.0	1.0
Coordinator - Special Events	11	2.0	2.0	2.0	1.0
Intern	1	0.0	0.0	0.0	0.5
<b>TOTAL</b>		<b>4.0</b>	<b>3.0</b>	<b>3.0</b>	<b>3.5</b>

\*One position was reclassified to Senior Coordinator - Special Events in FY12.

### Proceeds by Event



WorldFest was added as a new event in FY09.

# Conference Centre

## Department Mission

Generate economic benefits to the Town of Addison by hosting meetings, conferences, social events and trade-shows in an architecturally-inspired venue. Serve as the premier gathering place for citizens in hosting community events.

## Program Narrative

### Accomplishments of FY2011

- Hosted 561 events.
- Hosted 46,000 event attendees.
- Updated and added to rental audio/visual equipment.
- Enhanced website to include promotion of Addison wedding related businesses.
- Generated a 15% increase in revenue over prior year through more focused sales efforts.
- Conducted a comprehensive review and analysis of the business model and operations.
- Conducted a comprehensive cost analysis with other area venues.
- Based on analysis, proposed a new room rental structure as well as a commissioned catering fee effective October 1, 2012.

### Objectives for FY2013

- Increase events hosted by 5 percent.
- Generate an increase in revenue by 5 percent.
- Increase Addison hotel room nights by 3 percent.

- Develop a social media presence to better sell available spaces and to inform and attract people to events taking place at the Conference Centre.
- Maintain the facilities and equipment in an attractive, safe, and updated manner to enhance the client's experience.
- Generate a \$100,000 increase in revenue over prior year.
- Implement new customer service standards to enhance the guest experience.
- Implement new sales work-flow process to increase sales productivity.
- Implement a new event management system to more accurately track revenue, to increase productivity, and to better manage operations.
- Conduct search and selection of an in-house caterer to facilitate the offering of catering packages which will provide a true "one-stop" experience for event planners.
- Outsource the sales function to realize a cost-savings and increase revenues through professional sales management.

### Notable Budget Items

- Tools and Equipment: Replacement and repair of equipment (\$27,000).
- Utilities (\$156,880).
- Modified Level of Service: Replace sound system in Conference Centre (\$20,000).
- Modified Level of Service: HVAC Replacement (\$500,000).

Expenditures	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Personal Services	\$512,094	\$522,550	\$525,090	\$461,320
Supplies	61,799	72,250	76,580	106,050
Maintenance	176,262	210,060	211,010	157,050
Contractual Services	237,507	231,320	235,420	301,190
Capital Replacement/Lease	19,500	16,300	16,300	16,230
Capital Outlay	-	28,500	28,500	-
<b>TOTAL DEPT. BUDGET</b>	<b>\$1,007,162</b>	<b>\$1,080,980</b>	<b>\$1,092,900</b>	<b>\$1,041,840</b>

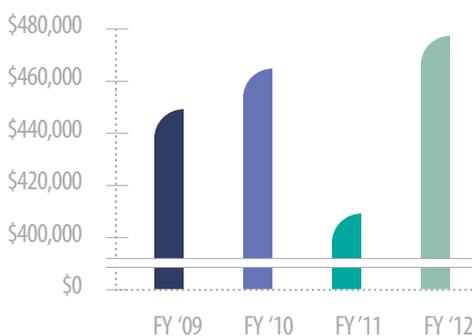
Staffing	Level	Budget 2009-10	Budget 2010-11	Budget 2011-12	Budget 2012-13
Manager - Conference Centre	26	1.0	1.0	1.0	1.0
Coordinator - Technical	13	1.0	1.0	1.0	1.0
Coordinator - Conference Centre Services	13	0.0	0.0	1.0	1.0
Coordinator - Conference Centre *	11	1.0	1.0	0.0	0.0
Coordinator - Conference Centre Sales	11	0.0	0.0	1.0	0.0
Secretary - Division **	7	1.0	1.0	0.0	0.0
Senior Attendant - Conference Centre	5	0.0	0.0	1.0	2.0
Attendant - Conference Centre ***	4	3.5	3.5	3.0	2.0
<b>TOTAL</b>		<b>7.5</b>	<b>7.5</b>	<b>8.0</b>	<b>7.0</b>

\*The Coordinator - Conference Centre position was reclassified to Coordinator - Services in mid-FY11.

\*\*The Secretary - Division position was reclassified to Coordinator - Sales in mid-FY11.

\*\*\*Position name changed from Houseman in mid-FY11. One position was reclassified to Senior Attendant in FY12, and one position was reclassified to full time in FY12.

## Addison Conference Centre Rental Revenue



# Performing Arts

## Department Mission

To provide artistic experiences for the citizens of Addison and the surrounding communities as well as to attract and promote tourism. To meet this mission, the Town will provide the highest quality facilities, equipment and staff to effectively support events and performances.

## Program Narrative

### Accomplishments of FY2012

- WaterTower Theatre – Resident Company
  - Hosted 20,000 (estimated) patrons.
  - Hosted 180 (planned) performances.
  - Subscriber base of 2,000 (1974) season ticket holders.

## Objectives for FY2013

- WaterTower Theatre – Resident Company
  - Host 22,500 patrons.
  - Host 200 performances.
  - Subscriber base of 2,000 season ticket holders.

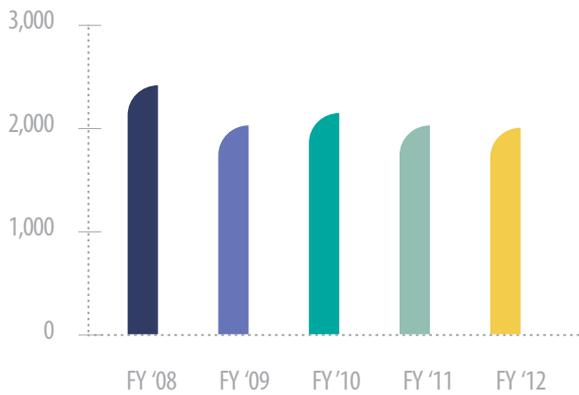
## Notable Budget Items

- Tools and Equipment (\$35,700).
- Building Maintenance Costs (\$39,300).
- Performing Arts Group Funding:
  - WaterTower Theatre (\$349,000).
  - Dance Council (\$6,635).
- Modified Level of Service: Move Funds from Richardson Symphony Orchestra and Second Thought Theater to Vitruvian Events (a savings of \$45,000).



Expenditures	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Personal Services	\$11,523	\$16,220	\$16,220	\$16,860
Supplies	26,249	25,500	25,500	36,200
Maintenance	67,981	61,300	61,200	50,390
Contractual Services	420,152	456,720	456,720	399,570
Capital Replacement/Lease	3,200	2,500	2,500	2,440
Capital Outlay	-	-	-	-
<b>TOTAL DEPT. BUDGET</b>	<b>\$529,105</b>	<b>\$562,240</b>	<b>\$562,140</b>	<b>\$505,460</b>

### Number of WaterTower Theatre Season Ticket Holders



# Economic Development Fund

## Fund Description

The Economic Development Fund accumulates resources to support efforts that attract commercial enterprises to Addison and encourage existing businesses to remain in Addison.

## Fund Narrative

The fund was created in the fiscal year 2011 budget in response to a report generated by TIP Strategies, a firm the Town engaged to evaluate Addison's business climate and develop recommendations for making Addison an attractive and viable location for business development. The firm produced an economic development strategic plan that presented five major goals and supporting objectives. These goals are:

- Build capacity to conduct economic development. This goal involves the Town creating an Economic Development department that will focus on business attraction and retention as well as accumulating financial resources to fund programs that will encourage businesses to locate to Addison or expand their existing enterprises within Addison.
- Support the existing base through business retention and expansion.
- Focus business attraction on priority growth sectors. This goal relates to working with regional commercial real estate brokers to identify mid-size companies (less than 500 employees) that are looking for office space ideally suited to their needs.
- Raise the profile of Addison regionally and nationally. This goal requires development of a marketing plan that will target the appropriate commercial sectors.
- Maintain and enhance Addison's quality of place. This goal includes maintaining the high quality of services the Town provides to the residential and business community, protecting and enhancing Addison's aesthetic amenities such as parks and landscaped streets, and working to provide a robust transit infrastructure that includes a commuter rail station along the Cotton Belt rail line.<sup>1</sup>

## Concluding Fiscal Year Performance

In FY2012, the Town Council adopted a formal policy and procedure for Chapter 380 Incentive Grants, as well as a Business Registration Ordinance to assist with corporate recruitment, business retention/expansion, and redevelopment efforts. A strategic marketing campaign helped build capacity for Addison's economic development with the local commercial brokerage community, business executives, and site selection partners. Ads were placed in the following publications: 1) Dallas Business Journal; 2) Smart Business Magazine; 3) D CEO Magazine; 4) Addison Magazine; and 5) BisNow Online Newsletter. Additionally, the department, working with IT, launched the Town's economic development website: [www.AddisonED.com](http://www.AddisonED.com).

Economic incentives paid for FY2012 are estimated at \$266,750 or 168% more than the previous fiscal year, which included securing nine new companies to Addison that will generate 960 new jobs and absorb approximately 250,000 square feet in valuable office space. The Town worked closely with investors of Village on the Parkway to redevelop the aging shopping center. Performance-based incentives were approved for the redevelopment, which will include two new anchor tenants that will help drive additional quality retailers to the center.

## 2012-2013 Budget

The Town's economic development strategy is comprised of three phases. The first phase was to create the Economic Development Fund that will support economic development activities. The second phase was the hiring of a director to administer the Town's economic development program. The third phase is developing a comprehensive plan that will attract and retain commercial and retail businesses in Addison. During the course of the 2013 fiscal year, the Town will complete the third phase of the strategy.

The fiscal year 2013 budget commits \$0.0225 of the tax rate for economic development, which will provide \$700,370 to the Economic Development Fund. Continued funding in future years is also projected to come from a portion of the tax rate. An additional \$85,000 in revenue is anticipated from the business registration fee.

Information from the business registration will be utilized for economic development purposes. Expenditures are budgeted at \$788,490 and include \$282,260 for economic incentives and \$100,000 for advertising.

1. For more information related to the Cotton Belt railroad line, please refer to Sector 2 of the Town Chronicle section of this document.

	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Expenditures				
Revenues	\$0	\$247,990	\$358,680	\$241,830
Ad valorem taxes				
Current taxes				
Delinquent taxes	-	548,980	548,980	698,300
Penalty and interest	-	490	490	780
Business registration fee	-	970	970	1,290
Interest earnings and other	-	150,000	85,000	85,000
Total Revenues	876	500	1,500	1,500
Total Available Resources	876	700,940	636,940	786,870
Expenditures	876	948,930	995,620	1,028,700
Personal services				
Supplies	63,280	136,040	159,220	192,140
Maintenance	12,418	11,420	15,020	15,000
Contractual services	1,449	6,000	3,000	9,090
Capital replacement/lease	265,053	597,630	573,850	566,890
Total Expenditures	-	2,700	2,700	5,370
Other Financing Sources (Uses)	342,200	753,790	753,790	788,490
Interfund transfer				
Ending Fund Balance	700,000	-	-	-
<b>ENDING FUND BALANCE</b>	<b>\$358,676</b>	<b>\$195,140</b>	<b>\$241,830</b>	<b>\$240,210</b>

Staffing	Level	Budget 2009-10	Budget 2010-11	Budget 2011-12	Budget 2012-13
Director - Economic Development	31	0.0	0.0	1.0	1.0
Manager - Economic Development	26	0.0	0.0	1.0	1.0
<b>TOTAL</b>		<b>0.0</b>	<b>0.0</b>	<b>2.0</b>	<b>2.0</b>

# Grant Funds

## Fund Description

Three special revenue funds account for monies received from private and governmental agencies. Expenditures of these grant monies are also recorded in the grant funds. The Advanced Funding Grant Fund is utilized for grant monies that are received prior to the related expenditure. This fund may carry a balance from year to year if the Town does not expend the monies within the fiscal year. The Reimbursement Grant Fund will track expenditures for which the Town expects to be reimbursed. The Town will record a receivable for any reimbursements not received prior to the fiscal year end. The American Recovery and Reinvestment Act (ARRA) Grant Fund was established to track receipts and expenditures of ARRA grant monies. The Act requires that agencies separate ARRA funds from other funds.

## Fund Narratives

### Advanced Funding Grant Fund

Revenue recorded in fiscal year 2012 includes funding from the American Heart Association. The American Heart Association grant has been used by the Fire department to advance the care for acute myocardial infarction patients. No advanced funding grants are anticipated in the budget for fiscal year 2013.

### Reimbursement Grant Fund

Fiscal year 2012 reimbursement grant revenues included miscellaneous public safety grants and funding from Dallas County, as well as the additional traffic safety Selective Traffic Enforcement Program (STEP) grant of \$10,000. The fiscal year 2013 budget does not anticipate any additional grant revenue or expenditures.

## Advanced Funding Grant Fund Statement of Revenues and Expenditures

	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Expenditures				
Beginning Balance	\$15,311	\$22,710	\$26,100	\$24,100
Revenues				
Intergovernmental	1,566,252	-	3,500	-
Interest earnings and other	4,165	2,500	500	-
Total Revenues	1,570,417	2,500	4,000	-
Total Available Resources	1,585,728	25,210	30,100	24,100
Expenditures				
Supplies	1,466	-	-	-
Contractual services	100,746	-	6,000	-
Construction and equipment	1,457,412	-	-	-
Total Expenditures	1,559,624	-	6,000	-
<b>ENDING FUND BALANCE</b>	<b>\$26,104</b>	<b>\$25,210</b>	<b>\$24,100</b>	<b>\$24,100</b>

**Reimbursement Grant Fund Statement of Revenues and Expenditures**

Expenditures	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Beginning Balance	\$295	\$310	\$(1,945,360)	\$100
Revenues				
Intergovernmental	1,711,914	10,000	1,964,300	-
Interest earnings and other	(189)	-	-	-
Total Revenues	1,711,725	10,000	1,964,300	-
Total Available Resources	1,712,020	10,310	18,940	100
Expenditures				
Personal services	8,866	10,000	2,500	-
Supplies	5,596	-	6,540	-
Contractual services	-	-	4,210	-
Construction and equipment	3,657,075	-	5,590	-
Total Expenditures	3,671,537	10,000	18,840	-
Other Financing Sources (Uses)				
Interfund transfer	14,156	-	-	-
<b>ENDING FUND BALANCE</b>	<b>\$(1,945,361)</b>	<b>\$310</b>	<b>\$100</b>	<b>\$100</b>

**ARRA Grant Fund Statement of Revenues and Expenditures**

Expenditures	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Beginning Balance	\$(24)	\$0	\$1,590	\$0
Revenues				
Intergovernmental	265,191	188,000	660,400	-
Interest earnings and other	26	-	-	-
Total Revenues	265,217	188,000	660,400	-
Total Available Resources	265,193	188,000	661,990	-
Expenditures				
Personal services	191,200	188,000	188,000	-
Supplies	6,281	-	1,590	-
Contractual services	66,126	-	-	-
Construction and equipment	-	-	472,400	-
Total Expenditures	263,607	188,000	661,990	-
<b>ENDING FUND BALANCE</b>	<b>\$1,586</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

# Other Special Revenue Funds

## Public Safety Fund

### Fund Description

Police forfeiture funds are awards of monies or property by the courts related to cases that involve the Addison Police department.

According to Chapter 59, Article 6, Paragraph (d) of the Texas Code of Criminal Procedure, "Proceeds awarded under this chapter to a law enforcement agency may be spent by the agency after a budget for the expenditures of the proceeds has been submitted to the governing body of the municipality."

### Fund Narrative

The resources for the fund are equivalent to that of FY2012, but expenditures for the 2013 fiscal year have risen. The budget includes increased funding for miscellaneous tools and equipment for the Quad Cities Police Consortium shared services initiative (\$23,000).

## Municipal Court Fund

### Fund Description

The court building security and technology fees represented in this fund are generated from court costs paid by offenders. By law, these revenue amounts can only be spent on specified security or technology improvements for the Town's municipal court.

### Fund Narrative

For FY2013, the budget anticipates that funds generated by the building security fee will pay part-time bailiff costs (\$24,000), a new PA system for the Police and Courts Building (\$22,000) and training for court personnel (\$1,500). Funds generated by the court technology fee will be used for continued remote execution of warrants (\$4,000) and other various court software and payment portal maintenance (\$28,900).

**Public Safety Fund Statement of Revenues and Expenditures**

	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Expenditures				
Beginning Balance	\$35,887	\$19,030	\$17,810	\$23,170
Revenues				
Court awards	2,011	7,500	8,750	7,500
Interest earnings and other	91	100	50	100
Total Revenues	2,102	7,600	8,800	7,600
Total Available Resources	37,989	26,630	26,610	30,770
Expenditures				
Supplies	20,179	8,000	2,700	23,000
Contractual services	-	-	740	-
Total Expenditures	20,179	8,000	3,440	23,000
<b>ENDING FUND BALANCE</b>	<b>\$17,810</b>	<b>\$18,630</b>	<b>\$23,170</b>	<b>\$7,770</b>

**Municipal Court Fund Statement of Revenues and Expenditures**

	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Expenditures				
Beginning Balance	\$168,950	\$124,780	\$156,290	\$121,800
Revenues				
Court security fees	16,915	18,900	14,550	15,380
Court technology fees	22,565	25,900	25,900	23,200
Interest earnings and other	13,494	2,250	2,930	2,750
Total Revenues	52,974	47,050	43,380	41,330
Total Available Resources	221,924	171,830	199,670	163,130
Expenditures				
Personal services	14,446	24,000	16,660	24,000
Supplies	13,531	-	150	2,000
Maintenance	37,658	59,900	59,900	54,900
Contractual services	-	1,160	1,160	1,500
Total Expenditures	65,635	85,060	77,870	82,400
<b>ENDING FUND BALANCE</b>	<b>\$156,289</b>	<b>\$86,770</b>	<b>\$121,800</b>	<b>\$80,730</b>

# Debt Service Funds

## General Obligation Debt Service Fund

### Fund Description

The debt service funds, also known as interest and sinking funds, are established by ordinances authorizing the issuance of bonds and providing for the payment of bond principal and interest as they come due. In the General Obligation Debt Service Fund, an ad valorem (property) tax rate and tax levy is required to be computed and levied that will be sufficient to produce the money to satisfy the annual debt service requirements. General obligation bonds of the Town carry an “Aa1” rating from Moody’s Investors Service and a “AAA” rating from Standard and Poor’s Ratings Service.

### Fund Narrative

The Town issued \$37,425,000 of new debt during the 2012 fiscal year. Shown below is the Town’s debt position as of the beginning of FY2013.

The Town has adopted two policies to limit debt issued in the future. First, as part of the long-term financial plan adopted for the General Fund, the Town intends to utilize

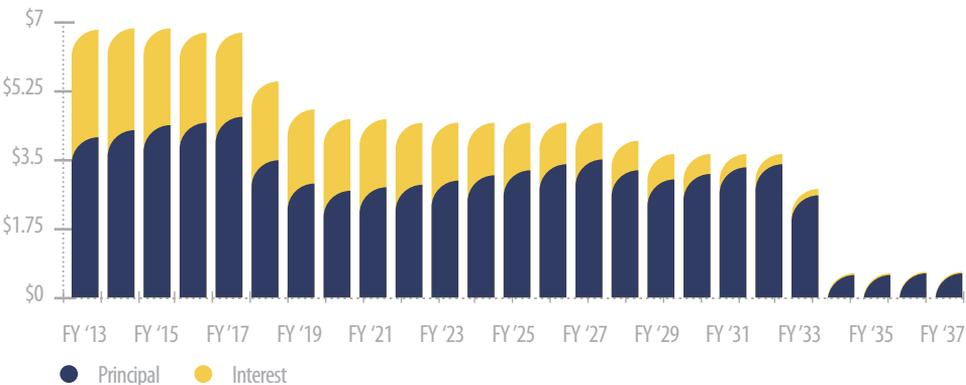
surplus operating funds to support capital projects.<sup>1</sup> In those instances when debt has to be issued for projects which cannot be delayed, a second policy stipulates that debt will not be issued for any period longer than 15 years, except under special circumstances, in order to rapidly retire outstanding debt.

The Town’s legal capacity for additional debt is very large. Rules promulgated by the Office of the Attorney General of Texas stipulate that such Office will not approve tax bonds of any city unless the city can demonstrate its ability to pay debt service requirements on all outstanding tax debt, including the issue to be approved, from a tax level of \$1.50 per \$100 of valuation, based on 90 percent collection of the tax. Assuming the maximum tax rate for debt service of \$1.50 on the 2012 taxable assessed valuation of \$3,134,894,878 at 90 percent collection, tax revenue of \$42,321,081 would be produced. This revenue could service the debt of roughly \$425 million issued as 5 percent 15-year serial bonds, which is more than \$346 million greater than the Town’s outstanding obligations.

<sup>1</sup> For more information related to the General Fund long-term plan please refer to Appendix E.

Total outstanding general obligation debt	\$90,905,000
Less self-supporting debt from Hotel, Airport, and Utility Funds	17,165,686
<b>NET OUTSTANDING GENERAL OBLIGATION DEBT</b>	<b>\$73,739,314</b>

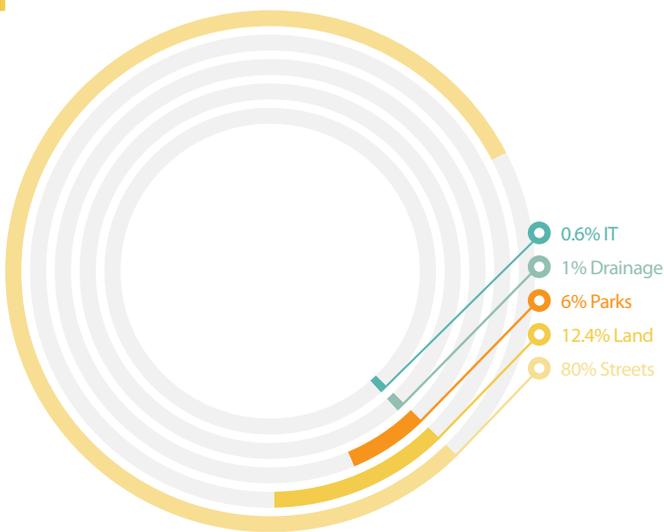
Annual Requirement to Amortize General Obligation Debt (in millions)



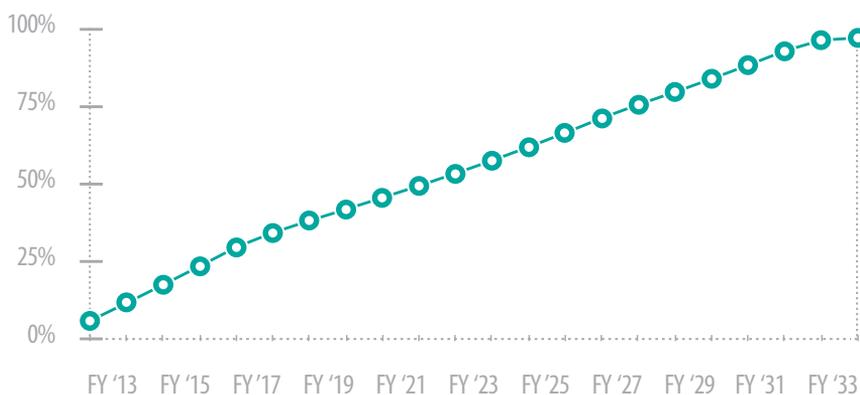
**General Obligation Debt Service Fund Statement of Revenues & Expenditures**

	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Expenditures				
Beginning Balance	\$1,126,069	\$1,147,690	\$1,127,830	\$880,080
Revenues				
Ad valorem taxes	5,430,048	5,894,190	5,985,500	6,869,820
Interest earnings and other	10,111	10,000	7,500	7,500
Total Revenues	5,440,159	5,904,190	5,993,000	6,877,320
Total Available Resources	6,566,228	7,051,880	7,120,830	7,757,400
Expenditures				
Debt service - principal	3,318,610	3,945,200	4,118,050	4,101,160
Debt service - interest	2,111,837	1,932,170	2,111,200	2,747,480
Fiscal fees	7,950	9,300	11,500	10,000
Total Expenditures	5,438,397	5,886,670	6,240,750	6,858,640
<b>ENDING FUND BALANCE</b>	<b>\$1,127,831</b>	<b>\$1,165,210</b>	<b>\$880,080</b>	<b>\$898,760</b>

Distribution of Debt Service by Application



Percent Cumulative Debt Retired Until Maturity



## Hotel Occupancy Tax Debt Service Fund

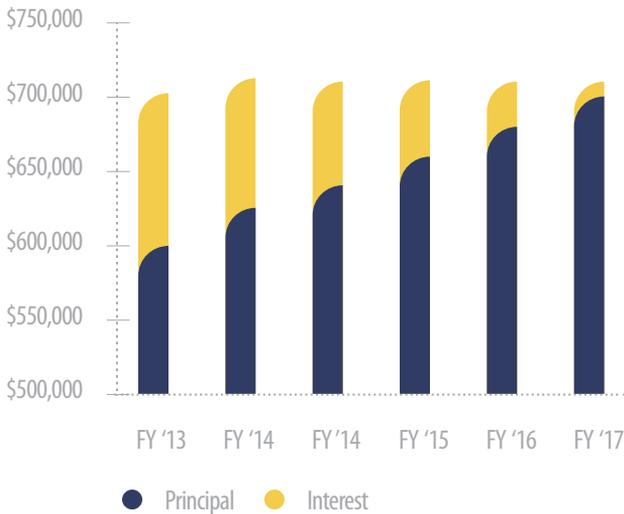
### Fund Description

The Hotel Occupancy Tax Debt Service Fund receives, as a transfer from the Hotel Fund, occupancy taxes to meet the debt service requirements associated with the \$8,000,000 of certificates of obligation issued in 2003 to fund the additions and improvements to the Arts and Events District. The issue carries the Town’s “Aa1” and “AAA” general obligation ratings.

### Fund Narrative

The financial statement for this particular fund is fairly straightforward. Transfers are made to the fund from the Hotel Fund sufficient for supporting annual debt service requirements. Although the Town pledged its full faith and credit for repayment of debts, including the levying of a property tax rate if needed, there will be sufficient resources in the Hotel Fund to pay for the annual debt service and support operating expenditures.

Annual Requirement to Amortize Hotel Occupancy Tax Debt



**Hotel Occupancy Tax Debt Service Fund Statement of Revenues and Expenditures**

	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Expenditures				
Beginning Balance	\$863,924	\$817,580	\$817,270	\$762,050
Revenues				
Interest earnings and other	3,336	4,000	3,500	3,000
Total Revenues	3,336	4,000	3,500	3,000
Total Available Resources	867,260	821,580	820,770	765,050
Expenditures				
Debt service - principal	555,000	575,000	620,000	600,000
Debt service - interest	164,687	147,020	108,420	103,360
Fiscal fees	300	300	300	300
Total Expenditures	719,987	722,320	728,720	703,660
Other Financing Sources (Uses)				
Interfund transfer	670,000	670,000	670,000	570,000
<b>ENDING FUND BALANCE</b>	<b>\$817,273</b>	<b>\$769,260</b>	<b>\$762,050</b>	<b>\$631,390</b>

# Capital Project Funds

## Fund Description

Capital project funds are created to account for proceeds from the sale of general obligation or revenue bonds to be used for the acquisition or construction of major capital facilities. Descriptions of the projects, as well as the impact these projects may have on operating budgets, are included in the Town Chronicle section of this document. Budgets are developed by project and may transcend more than one fiscal year.

## Fund Narratives

### Street Capital Project Fund

The budget for fiscal year 2013 reflects \$300,000 for railroad improvements and quiet zones, \$517,000 for the development of streets related to the Ashton Woods development, \$265,360 worth of street and lighting projects, and \$211,990 for Keller Springs Road/Addison Road Intersection project.

### Parks Capital Project Fund

Fiscal year 2012 expenses for the fund included design fees and construction costs for the Redding Trail Extension and the landscaping around the George H.W. Bush Elementary School. The fund was estimated to be exhausted by the end of the year, but a fund balance of \$75,000 remains due to the actual timing of construction work performed.



**Street Capital Project Fund Statement of Revenues and Expenditures**

Expenditures	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Beginning Balance	\$1,574,896	\$1,356,700	\$1,585,890	\$1,291,850
Revenues				
Interest earnings and other	25,149	6,500	5,100	2,500
Total Revenues	25,149	6,500	5,100	2,500
Total Available Resources	1,600,045	1,363,200	1,590,990	1,294,350
Expenditures				
Engineering and contractual services	-	-	234,470	-
Construction and equipment	-	819,400	64,670	1,294,350
Total Expenditures	-	819,400	299,140	1,294,350
Other Financing Sources (Uses)				
Interfund transfer	(14,156)	-	-	-
<b>ENDING FUND BALANCE</b>	<b>\$1,585,889</b>	<b>\$543,800</b>	<b>\$1,291,850</b>	<b>\$0</b>

**Parks Capital Project Fund Statement of Revenues and Expenditures**

Expenditures	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Beginning Balance	\$327,537	\$142,160	\$92,870	\$75,000
Revenues				
Interest earnings and other	26,313	350	47,130	-
Total Revenues	26,313	350	47,130	-
Total Available Resources	353,850	142,510	140,000	75,000
Expenditures				
Engineering and contractual services	49,779	-	55,010	-
Construction and equipment	211,198	142,510	84,990	75,000
Total Expenditures	260,977	142,510	140,000	75,000
Other Financing Sources (Uses)				
Interfund transfer	-	-	75,000	-
<b>ENDING FUND BALANCE</b>	<b>\$92,873</b>	<b>\$0</b>	<b>\$75,000</b>	<b>\$0</b>

## 2002 Capital Project Fund

Expenses for fiscal year 2012 relate to design and construction of the Belt Line Streetscape project.

Expenditures	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Beginning Balance	\$1,533,782	\$0	\$848,840	\$0
Revenues				
Interest earnings and other	6,544	-	1,040	-
Total Revenues	6,544	-	1,040	-
Total Available Resources	1,540,326	-	849,880	-
Expenditures				
Engineering and contractual services	252,759	-	104,470	-
Construction and equipment	438,729	-	745,410	-
Total Expenditures	691,488	-	849,880	-
<b>ENDING FUND BALANCE</b>	<b>\$848,838</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## 2004 Capital Project Fund

Expenses for fiscal year 2012 relate to construction costs for the Belt Line Streetscape project.

Expenditures	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Beginning Balance	\$437,522	\$252,970	\$439,580	\$0
Revenues				
Interest earnings and other	2,060	1,500	720	-
Total Revenues	2,060	1,500	720	-
Total Available Resources	439,582	254,470	440,300	-
Expenditures				
Engineering and contractual services	-	-	13,440	-
Construction and equipment	-	165,110	426,860	-
Total Expenditures	-	165,110	440,300	-
<b>ENDING FUND BALANCE</b>	<b>\$439,582</b>	<b>\$89,360</b>	<b>\$0</b>	<b>\$0</b>

### 2006 Capital Project Fund

The budget for fiscal year 2013 reflects \$180,000 for residential lighting projects and \$174,000 for various streets improvements, which will deplete the fund balance by the end of fiscal year 2013.

Expenditures	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Beginning Balance	\$351,788	\$353,690	\$149,090	\$354,140
Revenues				
Interest earnings and other	1,657	1,000	205,050	500
Total Revenues	1,657	1,000	205,050	500
Total Available Resources	353,445	354,690	354,140	354,640
Expenditures				
Engineering and contractual services	204,351	180,000	-	354,640
Total Expenditures	204,351	180,000	-	354,640
<b>ENDING FUND BALANCE</b>	<b>\$149,094</b>	<b>\$174,690</b>	<b>\$354,140</b>	<b>\$0</b>

### 2008 Capital Project Fund

The budget for fiscal year 2013 reflects \$425,000 for the rehabilitation project at Sojourn and \$1,300,000 to be expended for various land acquisitions.

Expenditures	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Beginning Balance	\$16,108,814	\$3,867,710	\$6,735,490	\$3,011,690
Revenues				
Interest earnings and other	105,580	25,000	18,000	9,000
Developer contributions	318,795	-	150,000	-
Total Revenues	424,375	25,000	168,000	9,000
Total Available Resources	16,533,189	3,892,710	6,903,490	3,020,690
Expenditures				
Engineering and contractual services	1,391,258	107,820	619,050	-
Construction and equipment	8,406,445	598,570	1,456,330	1,725,000
Total Expenditures	9,797,703	706,390	2,075,380	1,725,000
Other Financing Sources (Uses)				
Interfund transfer	-	-	(1,816,420)	-
<b>ENDING FUND BALANCE</b>	<b>\$6,735,486</b>	<b>\$3,186,320</b>	<b>\$3,011,690</b>	<b>\$1,295,690</b>





**“YOU CAN'T BUILD A  
REPUTATION ON WHAT  
YOU'RE GOING TO DO.”**

**— HENRY FORD**

# Airport Fund

## Fund Description

The Town of Addison owns a general aviation airport, which the Town considers to be one of the community's greatest assets. The Addison Airport is a single runway facility and is ranked by the Federal Aviation Administration (FAA) as one of the busiest airports of its kind. The airport is used extensively by corporate executives who wish to conduct business in offices located in the North Dallas area.

The airport's operations are financed and operated in a manner similar to private business enterprises, where costs of providing the services to the public are financed primarily through rentals, leases, and user charges. The fund's financial summary is distinguished from those of other funds in that it resembles the income statements of private corporations. In addition to the income statement, there is included a statement of changes in working capital which is defined as current assets (e.g. cash, investments, accounts receivable) less current liabilities (e.g. accounts payable, accrued interest payable, etc). For the Airport Fund, working capital represents fund balance. The statement of changes in working capital reports significant financial transactions such as acquisition of fixed assets or retirement of debt that are not included in the income statement.

## Fund Narrative

The Town of Addison has contracted with a private operator for operation and maintenance of the airport. The Town has contracted with URS Engineering & Construction (URS) to perform all functions directly associated with the operation and maintenance of the airport and related facilities. URS is also responsible for developing, in coordination with the Town, a capital improvement program and obtaining capital grant funding from the FAA and the Texas Department of Transportation (TxDOT). All real estate functions, including rental of Town facilities and the management of ground leases, have been contracted to SAMI Management, Inc. (SAMI). SAMI is also responsible for the billing and collection of all revenue related to rentals, leases, fuel flowage fees, and miscellaneous income.

Under the terms of the two agreements, URS will submit each year to the Town a budget that will fund all airport and real estate functions. All expenditures will be made in accordance with the budget as approved by the City Council. These operating expenditures are supported with revenue generated by the airport. Each company is compensated for their services with URS receiving a base annual fee of \$170,000 plus 2.5 percent of revenue received in excess of \$4 million. SAMI receives a base annual fee of \$120,000 with financial incentives for realizing increased revenues from the airport.

For the 2012 fiscal year, operating revenue is projected to total \$4,395,540, which is 4.6 percent more than budget. The increase in revenues is a result of increased fuel flowage fees and commercial rental income. Operating expenses are estimated to come in \$163,225 less than budget. Uses of working capital include the Town's local match for capital grants to maintain and enhance airport facilities.

For fiscal year 2013, the budget anticipates operating revenue of \$4,144,630, a 1.4 percent decline from the 2012 budget. Although the runway rehabilitation project has been completed, the planned repairs of Taxiway Alpha will also impact air operations and fuel sales. Operating expenses of \$3,631,510 are up 1.1 percent from the previous year's budget, primarily due to stormwater fees and maintenance projects. The budget includes \$98,000 as the Town's 10 percent match for FAA/TxDOT capital projects.<sup>1</sup> A nominal change in working capital is projected for the upcoming fiscal year.<sup>2</sup>

1. *For more information related to airport projects and initiatives, please refer to Sector 4 of the Town Chronicle section of this document.*
2. *For more information related to the Airport Fund long-term financial plan, please refer to Appendix E.*

**Airport Fund Statement of Income**

Expenditures	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13	
Operating revenues					
Operating grants	\$48,350	\$50,000	\$50,000	\$50,000	
Fuel flowage fees	657,159	630,000	690,000	679,250	
Rental	3,481,639	3,488,020	3,589,100	3,363,080	
User fees and other	387,795	35,540	66,440	52,300	
<b>Total operating revenues</b>	<b>4,574,943</b>	<b>4,203,560</b>	<b>4,395,540</b>	<b>4,144,630</b>	
Operating expenses					
Town - Personal services	264,010	323,730	325,140	366,530	
Town - Supplies	19,695	62,600	62,600	62,600	
Town - Maintenance	36,293	33,300	21,000	21,000	
Town - Contractual services	409,652	544,670	544,670	543,850	
Grant - Maintenance	99,991	100,000	100,000	100,000	
Operator - Operations and maintenance	1,925,660	2,221,430	2,021,420	2,242,320	
Operator - Service contract	454,841	305,200	310,230	295,210	
<b>Total operating expenses</b>	<b>3,210,142</b>	<b>3,590,930</b>	<b>3,385,060</b>	<b>3,631,510</b>	
<b>Net operating income</b>	<b>1,364,801</b>	<b>612,630</b>	<b>1,010,480</b>	<b>513,120</b>	
Non-operating revenues (expenses)					
Interest earnings and other	7,558	31,620	24,900	29,800	
Interest on debt, fiscal fees and other	(126,388)	(115,090)	(116,290)	(104,990)	
<b>Net non-operating revenues (expenses)</b>	<b>(118,830)</b>	<b>(83,470)</b>	<b>(91,390)</b>	<b>(75,190)</b>	
<b>NET INCOME (EXCLUDING DEPRECIATION)</b>	<b>\$1,245,971</b>	<b>\$529,160</b>	<b>\$919,090</b>	<b>\$437,930</b>	
Changes in working capital					
Net income (excluding depreciation)	\$1,245,971	\$529,160	\$919,090	\$437,930	
Sources (uses) of working capital					
Retirement of long-term debt	(272,675)	(275,000)	(275,000)	(290,000)	
Net additions to fixed assets with grants	(1,054,835)	(897,300)	(1,030,900)	(98,000)	
Other net additions to fixed assets	(29,870)	(60,000)	(60,000)	(20,000)	
<b>Net sources (uses) of working capital</b>	<b>(1,357,380)</b>	<b>(1,232,300)</b>	<b>(1,365,900)</b>	<b>(408,000)</b>	
<b>Net increase (decrease) in working capital</b>	<b>(111,409)</b>	<b>(703,140)</b>	<b>(446,810)</b>	<b>29,930</b>	
Beginning fund balance	2,124,403	1,601,980	2,012,990	1,566,180	
<b>ENDING FUND BALANCE</b>	<b>\$2,012,994</b>	<b>\$898,840</b>	<b>\$1,566,180</b>	<b>\$1,596,110</b>	
Staffing	Level	Budget 2009-10	Budget 2010-11	Budget 2011-12	Budget 2012-13
Sergeant*	P3	0.0	0.0	1.0	1.0
Police Officer	P2	2.0	2.0	2.0	2.0
<b>TOTAL</b>		<b>2.0</b>	<b>2.0</b>	<b>3.0</b>	<b>3.0</b>

\*Position was added in mid-FY11.

# Utility Fund

## Fund Description

The Town's water and wastewater utilities are financed and operated in a manner similar to private business enterprises, where costs of providing the services to the public are financed primarily through user charges. The fund's financial summary is distinguished from those of other funds in that it resembles the income statements of private corporations. In addition to the income statement, there is included a statement of changes in working capital which is defined as current assets (e.g. cash, investments, accounts receivable) less current liabilities (e.g. accounts payable, accrued interest payable, etc). For the Utility Fund, working capital represents fund balance. The statement of changes in working capital reports significant financial transactions such as acquisition of fixed assets or retirement of debt that are not included in the income statement.

## Fund Narrative

Operating revenues for fiscal year 2012 are projected to be \$10,516,650, which is \$311,550 less than budget and over \$230,000 less than generated the previous year. The decrease can be attributed to an increase in precipitation and a mild summer, which resulted in lower water usage. In line with a decrease in revenue was a drop in operating expenses, down 4.7 percent from the previous budget. Working capital, which included proceeds from the 2008 issuance of certificates of obligation, was applied towards the construction of a new 1.5 million gallon elevated water storage tank.

Because of the need to have sufficient resources to cover operating expenses and fund debt service and capital expenses, the 2013 fiscal year assumes the fund will use approximately \$1.1 million in working capital. This assumption leads to budgeted operating revenues of \$10,748,520, or \$79,680 less than budgeted in the 2012 fiscal year. Operating expenses are budgeted at \$7,956,070, equaling 4 percent more than the previous year's budget. Working capital is projected to decrease \$3.4 million due to debt retirement and various rehabilitation projects around Town. The Utility Fund's long-term plan anticipates no further rate increases through FY2014, at which time a large segment of debt is retired, allowing for possible rate reductions.<sup>1</sup>

1. For more information related to the Utility Fund long-term financial plan, please refer to Appendix E.

**Utility Fund Statement of Income**

	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Expenditures				
Operating revenues				
Water sales	\$6,140,865	\$6,019,700	\$5,877,300	\$5,968,820
Sewer charges	4,496,894	4,725,000	4,542,900	4,679,200
Tap fees and other	30,975	10,000	16,700	18,500
Penalties	71,834	73,500	71,250	73,500
Other Income	13,130	-	8,500	8,500
Total operating revenues	10,753,698	10,828,200	10,516,650	10,748,520
Operating expenses				
Water purchases	2,520,302	2,841,200	2,895,500	2,955,200
Wastewater treatment	1,889,041	2,051,700	2,014,690	2,279,460
Utility operations	2,470,905	2,751,750	2,621,230	2,721,410
Total operating expenses	6,880,248	7,644,650	7,531,420	7,956,070
Net operating income	3,873,450	3,183,550	2,985,230	2,792,450
Non-operating revenues (expenses)				
Interest earnings and other	(53,775)	(35,600)	13,000	(58,000)
Interest on debt, fiscal fees and other	(600,044)	(459,830)	(459,830)	(395,970)
Net non-operating revenues (expenses)	(653,819)	(495,430)	(446,830)	(453,970)
<b>NET INCOME (EXCLUDING DEPRECIATION)</b>	<b>\$3,219,631</b>	<b>\$2,688,120</b>	<b>\$2,538,400</b>	<b>\$2,338,480</b>
Changes in working capital				
Net income (excluding depreciation)	\$3,219,631	\$2,688,120	\$2,538,400	\$2,338,480
Sources (uses) of working capital				
Retirement of long-term debt	(2,699,412)	(2,754,800)	(2,754,800)	(2,878,840)
Debt issuance/transfer of debt proceeds	-	1,000,000	1,816,420	-
Net additions to fixed assets	(3,709,338)	(2,330,000)	(2,787,890)	(516,480)
Net (increase) decrease in other assets	85,147	-	-	-
Net sources (uses) of working capital	(6,323,603)	(4,084,800)	(3,726,270)	(3,395,320)
Net increase (decrease) in working capital	(3,117,102)	(1,396,680)	(1,196,370)	(1,065,340)
Beginning fund balance	5,851,222	2,364,190	2,734,120	1,537,750
<b>ENDING FUND BALANCE</b>	<b>\$2,734,120</b>	<b>\$967,510</b>	<b>\$1,537,750</b>	<b>\$472,410</b>

# Utility Operations

## Division Description

To provide safe, uninterrupted water and wastewater (sewer) services to Addison residents and businesses. The Town purchases water from the City of Dallas and delivers its sewage to treatment facilities in Dallas and to the Trinity River Authority's northern region treatment plant. Staff is responsible for maintaining over 80 miles of water line, 3,660 water meters, 1,052 fire hydrants, 1,955 main valves, two water pump stations, 66 miles of sanitary sewer lines, 1,052 manholes, and one wastewater lift station.

The department also includes the Deputy City Manager/Public Works Director who is responsible for supervising the planning, engineering, and maintenance services for Addison's infrastructure including streets, traffic signals, drainage, and water and wastewater facilities. The Director oversees implementation of capital improvements, ensures that traffic signalization is operated safely and efficiently, and is responsible for trash pick-up, a function that is performed by the Streets department in the General Fund.

## Program Narrative

### Accomplishments of FY2012

- Upgraded motor protection equipment at Surveyor Pump Station.
- Tested over 197 new backflow devices and 1,184 existing devices in our cross connection control program.

- Replaced over 298 single family, 17 irrigation, and 6 business/commercial water meters as part of the department's 15-year meter replacement program.
- Pumped over 1.8 billion gallons of water and collected over 1.0 billion gallons of wastewater.
- Responded to over 3,600 customer service calls.

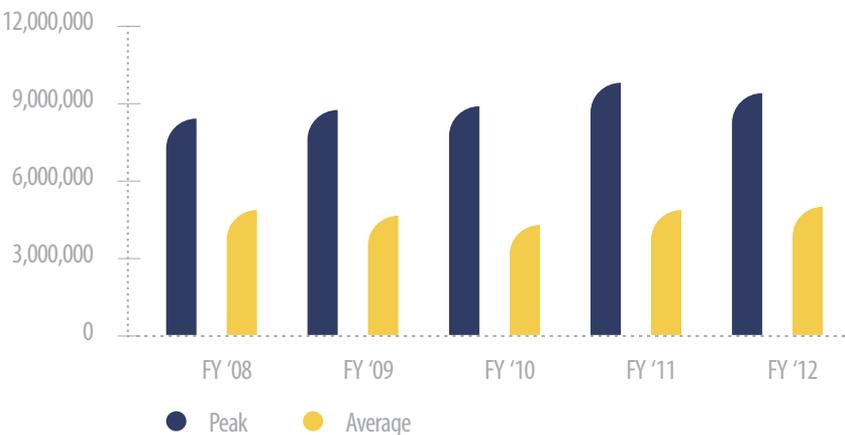
### Objectives for FY2013

- Update the department's water and wastewater GIS maps.
- Perform a comprehensive wastewater collection system study.
- Implement an electronic work order system for department operations.
- Update the department operations and maintenance program and activities.

### Notable Budget Items

- Electricity to power the Town's pump and lift stations (\$208,000).
- Meter replacement and repair costs (\$140,000).
- Miscellaneous engineering and architectural services (\$118,880).
- Modified Level of Service: Utility Rate Study (\$15,000).
- Modified Level of Service: Director of Infrastructure Operations & Services (\$125,000).

Water Usage (millions of gallons)



Expenditures	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Personal Services	\$1,371,308	\$1,260,710	\$1,238,390	\$1,386,020
Supplies	115,407	128,170	121,890	129,870
Maintenance	415,161	597,250	495,250	428,280
Contractual Services	569,029	742,120	742,200	741,530
Capital Replacement/Lease	26,600	23,500	23,500	35,710
Capital Outlay	-	-	-	-
<b>TOTAL DEPARTMENT BUDGET</b>	<b>\$2,497,505</b>	<b>\$2,751,750</b>	<b>\$2,621,230</b>	<b>\$2,721,410</b>

Staffing	Level	Budget 2009-10	Budget 2010-11	Budget 2011-12	Budget 2012-13
Deputy City Manager*	34	0.0	0.0	1.0	1.0
Director - Infrastructure Operations & Services	31	0.0	0.0	0.0	1.0
Director - Public Works**	31	1.0	1.0	0.0	0.0
City Engineer**	27	1.0	1.0	0.0	0.0
Manager - Operations	26	0.0	0.0	1.0	1.0
Assistant to the City Manager	25	0.0	0.0	0.0	1.0
Utilities Superintendent***	24	1.0	1.0	0.0	0.0
Assistant to the Director ****	21	1.0	0.0	1.0	1.0
Management Assistant*****	20	0.0	1.0	0.0	0.0
Inspector - Infrastructure	13	1.0	1.0	1.0	1.0
Supervisor - Utilities	13	2.0	2.0	2.0	2.0
Water Quality Specialist	12	1.0	1.0	1.0	1.0
Senior Utility Operator	11	1.0	1.0	1.0	1.0
Assistant Infrastructure Inspector	9	1.0	1.0	1.0	1.0
Department Assistant*****	8	0.0	0.0	0.0	1.0
Utility Operator III	8	2.0	2.0	2.0	2.0
Utility Operator II	6	3.0	3.0	3.0	3.0
Utility Operator I	5	2.0	2.0	2.0	2.0
<b>TOTAL</b>		<b>17.0</b>	<b>17.0</b>	<b>16.0</b>	<b>18.0</b>

\*This position was moved to the Utility Fund from the General Fund in FY12.

\*\*These positions were eliminated in FY12.

\*\*\*This position was reclassified to Manager-Operations in mid-FY11.

\*\*\*\*This position was reclassified to Assistant to the City Manager in mid-FY12.

\*\*\*\*\*This position was reclassified to Assistant to the Director in mid-FY11.

\*\*\*\*\*This position was moved to the Utility Fund from the Human Resources department in mid-FY12.

# Information Technology Replacement Fund

## Fund Description

This fund is intended to accumulate sufficient resources to replace existing computer systems (equipment and software) that have reached or exceeded their useful lives. Resources are acquired through charges to operating departments. The charges are calculated using a straight-line amortization of each component of a system based upon the component's expected life. When a component of a system has reached the end of its projected useful life, a decision is made as to whether the component should be replaced. If the component is still working as intended and is not requiring excess maintenance expenses, it will be kept in service. However, once the component has been fully amortized, the department will stop making payments to the fund for that item. Interest income earned by the fund and proceeds from the sale of surplus equipment will offset the impact of inflation on the replacement costs of equipment.

The fund's financial summary is distinguished from those of other funds in that it resembles the income statements of a private corporation. In addition to the income statement, the fund summary includes a statement of changes in working capital, which is defined as current assets (e.g. cash, investments, accounts receivable) less current liabilities (e.g. accounts payable, accrued interest payable, etc.). For the Information Tech-

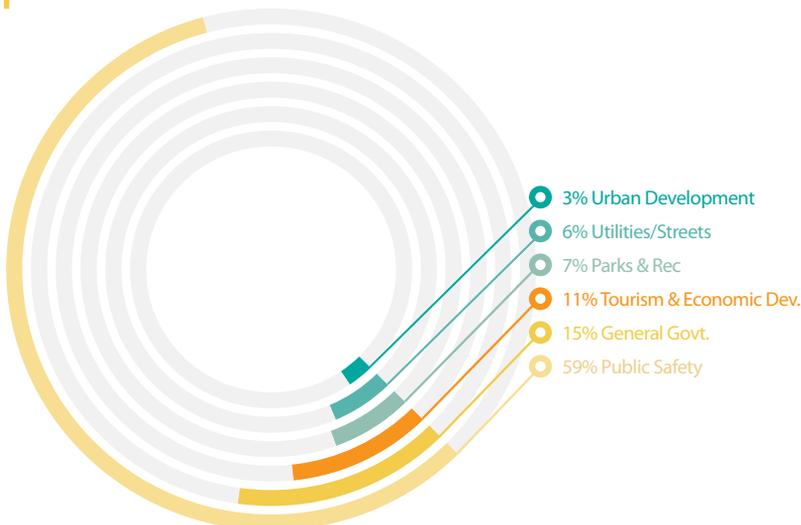
nology Replacement Fund, working capital represents fund balance. The statement of changes in working capital reports significant financial transactions such as acquisition of fixed assets which are not included in the income statement.

## Fund Narrative

Expenses in FY2012 were associated with the replacement of the Town's PCs (\$235,000) and video cameras at Addison Circle Park (\$150,000). It also included the upgrade of the Computer Aided Dispatch system (\$100,000). Scheduled purchases through fiscal year 2013 are:

- Redesign of web portal (\$50,000).
- Digital citation system (\$40,000).
- Replacement of video camera and RecWare systems at Addison Athletic Club (\$110,000).
- Upgrade of the video camera system (\$100,000).
- Upgrade to the Addison Park wireless network (\$50,000).
- Upgrade to the Town's telephone system (\$250,000)

## Contributions to the I.T. Replacement Fund by Function



**Information Technology Replacement Fund Statement of Income**

Expenditures	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Operating revenues				
Department contribu- tions and other	\$651,000	\$576,000	\$576,000	\$750,000
Total operating revenues	651,000	576,000	576,000	750,000
Operating expenses				
Contractual services	24,083	54,360	54,360	54,560
Total operating expenses	24,083	54,360	54,360	54,560
Net operating income	626,917	521,640	521,640	695,440
Non-operating revenues (expenses)				
Interest earnings and other	11,092	10,000	8,500	10,000
Proceeds from sale of assets	990	-	-	-
Net non-operating revenues (expenses)	12,082	10,000	8,500	10,000
<b>NET INCOME (EXCLUDING DEPRECIATION)</b>	<b>\$638,999</b>	<b>\$531,640</b>	<b>\$530,140</b>	<b>\$705,440</b>
Changes in working capital				
Net income (excluding depreciation)	\$638,999	\$531,640	\$530,140	\$705,440
Sources (uses) of working capital				
Acquisition of capital hardware/software				
General government	(69,358)	(385,000)	(235,000)	(550,000)
Public safety	(189,047)	(100,000)	(100,000)	-
Net sources (uses) of working capital	(258,405)	(485,000)	(335,000)	(550,000)
Net increase (decrease) in working capital	380,594	46,640	195,140	155,440
Beginning fund balance	2,079,980	2,458,890	2,460,570	2,655,710
<b>ENDING FUND BALANCE</b>	<b>\$2,460,574</b>	<b>\$2,505,530</b>	<b>\$2,655,710</b>	<b>\$2,811,150</b>

# Capital Replacement Fund

## Fund Description

This fund was established to accumulate sufficient resources to replace existing equipment that has reached or exceeded its useful life. Resources are acquired through charges to operating departments in the General Fund. The charges are calculated using a straight-line amortization of each piece of equipment based upon the item's expected life. When a piece of equipment has reached the end of its projected useful life, a decision is made as to whether the equipment should be replaced. If the costs of retaining the equipment (e.g. maintenance expenditures and length of down-time) do not exceed a predetermined amount, the item will be kept in service. However, once the equipment has been fully amortized, the department will stop making payments to the fund for that item. Interest income earned by the fund and proceeds from the sale of surplus equipment will offset the impact of inflation on the replacement costs of equipment. The fund is also used to finance replacement equipment in those instances in which the cost of replacement far exceeds the original cost of the equipment. In these instances, the fund purchases equipment "on loan" to the user departments at a loan rate equivalent to the yield the fund receives on its invested cash.

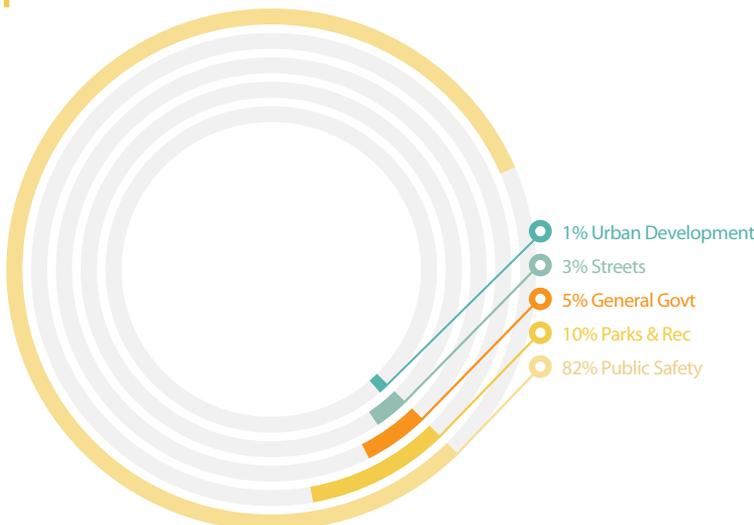
The fund's financial summary is distinguished from those of other funds in that it resembles the income statements of a private corporation. In addition to the income statement, the fund summary includes a statement of changes in working capital, which is defined as current assets (e.g. cash, investments, accounts receivable) less current liabilities (e.g. accounts payable, accrued interest payable, etc.). For the Capital Replacement Fund, working capital represents fund balance. The statement of changes in working capital reports significant financial transactions such as acquisition of fixed assets which are not included in the income statement.

## Fund Narrative

Expenses in FY2012 were primarily associated with the purchase of one aerial bucket truck and a backhoe (\$155,000) for Streets. Additionally, a fire rescue tool (\$24,000) was purchased through this fund. Equipment purchases included in the fiscal year 2013 budget include:

- Police – 15 Patrol Cars (\$555,000).
- Fire – Pumper Truck (\$510,000).
- Fire – Battalion Tahoe (\$60,000).
- Development Services – Automated Fuel System (\$100,000).
- Development Services – Cardiac Monitor and Thermal Image Camera (\$44,000).

Contributions to the Capital Replacement Fund by Function



**Capital Replacement Fund Statement of Income**

	Actual 2010-11	Budget 2011-12	Estimated 2011-12	Budget 2012-13
Expenditures				
Operating revenues				
Department contribu- tions and other	\$509,000	\$585,000	\$585,000	\$585,000
Total operating revenues	509,000	585,000	585,000	585,000
Operating expenses				
Contractual services	5,873	6,160	6,160	6,000
Total operating expenses	5,873	6,160	6,160	6,000
Net operating income	503,127	578,840	578,840	579,000
Non-operating revenues (expenses)				
Interest earnings and other	15,745	15,000	12,000	12,000
Proceeds from sale of assets	87,804	20,000	50,000	20,000
Net non-operating revenues (expenses)	103,549	35,000	62,000	32,000
Net income (excluding depreciation)	\$606,676	\$613,840	\$640,840	\$611,000
Changes in working capital				
<b>NET INCOME (EXCLUDING DEPRECIATION)</b>	<b>\$606,676</b>	<b>\$613,840</b>	<b>\$640,840</b>	<b>\$611,000</b>
Sources (uses) of working capital				
Acquisition of capital equipment				
General government	(39,952)	(90,000)	-	(100,000)
Public safety	(214,996)	(24,000)	(194,000)	(1,169,000)
Streets	-	(155,000)	(173,300)	-
Parks and recreation	-	-	-	-
Net sources (uses) of working capital	(254,948)	(269,000)	(367,300)	(1,269,000)
Net increase (decrease) in working capital	351,728	344,840	273,540	(658,000)
Beginning fund balance	3,207,561	3,519,180	3,559,290	3,832,830
<b>ENDING FUND BALANCE</b>	<b>\$3,559,289</b>	<b>\$3,864,020</b>	<b>\$3,832,830</b>	<b>\$3,174,830</b>



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**“CUSTOMERS DON'T  
EXPECT YOU TO BE PERFECT.  
THEY DO EXPECT YOU TO FIX  
THINGS WHEN THEY GO WRONG.”**

**— DONALD PORTER, BRITISH AIRWAYS**

# Addison Fast Facts\*

2012 Population: **13,680**

2012 Assessed Value: **\$3,134,894,878**

Median Age: **32.5 years**

Median Household Income: **\$58,970**

Average Household Income: **\$85,265**

Number of Households: **7,378**

Total Employment in Addison: **70,000**

Square Miles: **4.3 square miles**

Developable Land Remaining: **5%**

Housing Units:

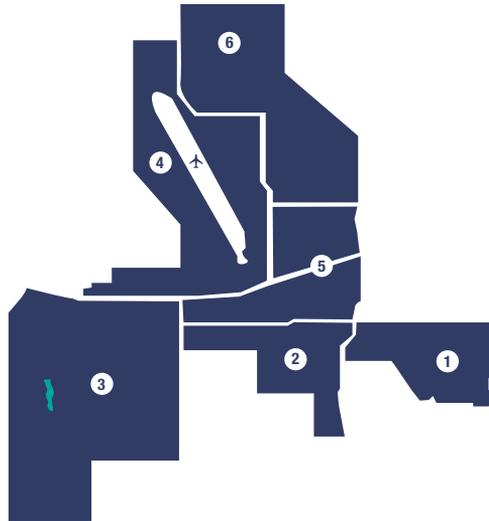
- Owner Occupied: **21.5%**
- Renter Occupied: **66.1%**
- Vacant: **12.4%**

Education Level: **46.4% with a Bachelor's degree or higher**

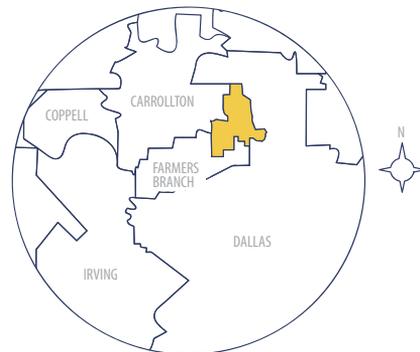
Major Employers in Addison:

- Bank of America MBNA
- Mary Kay Cosmetics, Inc.
- Barrett Daffin Frappier Turner and Engel, LLP
- Homeward Residential
- Rexel Holdings USA Corp.
- Intercontinental Hotel Dallas
- United Surgical Partners International
- Hilton Worldwide, Inc.
- Zurich Insurance
- Hitachi Consulting
- Behringer Harvard Holdings, LLC
- Glazer's Wholesale
- Encore Payment Systems, LLC

## Addison Planning Sectors



## Addison within the Dallas Metroplex



\*Sources: 2010 United States Census, North Central Texas Council of Governments, Town of Addison Development Services and Economic Development departments, and Dallas Central Appraisal District.

# Town Chronicle

## Town Description

The Town of Addison is located in the Dallas North Parkway area that encompasses the Dallas suburbs of Carrollton, Farmers Branch, and Plano. The area is home to affluent residential neighborhoods, multiple corporate office parks, scores of quality restaurants, and the prestigious Galleria mall. The area commands a central location in reference to downtown Dallas, DFW International Airport, the Richardson telecommunications corridor, and the Plano Legacy corporate campus area.

Epitomizing the best features of the area is the Town of Addison. The Town places a special emphasis on quality of life that demands all development meet the most rigorous building requirements. For example, all commercial development must submit landscaping plans to ensure attractive green areas accompany buildings. The attention to aesthetics extends to all of the Town's major boulevards, which are also landscaped. This approach has made Addison a cosmopolitan "downtown uptown" distinguished from almost any other urban area in the nation. The Town's blend of residential, retail, and office uses creates an open environment that avoids the confining effect usually associated with densely developed areas.

The Town's reputation for maintaining a high quality of urban life has attracted considerable development over the past few years. Addison is home to 94 office buildings providing nearly 10 million square feet of office space, and an additional 47 retail buildings representing approximately two million square feet of space. Most of Addison's office buildings are designated "Class A" due to the amenities they offer. The Town boasts 22 hotels with 3,953 rooms and 198 restaurants, or an average of 46 per square mile.

Because of its concentration of commercial and retail development, Addison is particularly susceptible to changes in the regional and national economies. The national recession has impacted the local economy and the revenue generated by Addison's businesses. However, the Town's taxable appraised values as of January 1, 2012 rose 3.5 percent, reversing the trend of the past two years which witnessed a 1.0 percent and 7.6 percent decline. The increase can be attributed to Addison

being in the midst of an economic boom in the community, with the redevelopment of Village on the Parkway (\$90 Million investment) now underway and construction of Methodist Hospital's new 80,000 square foot Medical Office Building (\$16 Million investment). The redevelopment of Village on the Parkway will bring in a new Whole Foods Grocery Store and an AMC Luxury Movie Theater. Multi-family construction is currently underway which will add approximately 853 luxury apartments to the market in the next few months as part of the Keller Springs Lofts, Allegro, and Vitruvian Developments.<sup>1</sup> Sales tax for the 2012 fiscal year is projected to increase 9.4 percent over prior year collections, and Addison's hotels, which cater primarily to business travelers, are beginning to experience improved bookings resulting in a projected 5 percent increase in hotel occupancy tax for FY2012 compared to the previous fiscal year. Although Texas has been impacted by the national recession, its economy is expanding at a sensible pace, evident by the 2 percent annual growth in employment. As of July 2012, Texas' total nonfarm jobs number has increased at a 2.4 percent annual rate, almost the same pace as the corresponding period in 2011.<sup>2</sup> However, Texas' unemployment rate still ticked up 0.2 percent to 7.2 in July, but remains lower than the U.S. rate of 8.3 percent. Despite these numbers, the Dallas Fed Outlook Survey points to moderate economic growth in the near term, helped by strong improvement in housing and continued vitality in the energy sector.<sup>3</sup> The Town of Addison will share in any economic recovery experienced by the region and the State, but it is expected that a full recovery to peak revenue levels experienced in 2008 will take another two to three years.

For purposes of easily identifying the events affecting the community, the Town has been divided into six planning sectors. The remainder of this Chronicle section focuses on the attributes of each area of the Town and summarizes the issues, programs, and projects related to the sectors. Estimates for costs related to capital projects are

1. *Town of Addison, Economic Development Department.*
2. *Texas Economic Indicators for September 2012, Federal Reserve Bank of Dallas.*
3. *Regional Economic Update, September 14, 2012, Federal Reserve Bank of Dallas.*

derived from current costs of engineering, building, or operating projects of similar scope, with no adjustment for inflation.

## Sector 1

### Sector Description

This sector of the Town is the most topographically attractive of the community. A small creek runs to the east paralleling Belt Line Road and creates several small ponds before it reaches White Rock Creek. Running along the two creeks is a jogging trail that leads to the uniquely landscaped Celestial Park. Perhaps because of these amenities, the area contains the Oaks North, Bellbrook, and Winnwood subdivisions, three of the more affluent residential developments in the Town, if not the entire North Dallas area. The northwest section of Sector 1 contains a mixture of retail and restaurant establishments.

### Capital Projects

#### *Intermediate (13 to 36 months)*

Belt Line Urban Interchange – The intersection of Belt Line Road and the Dallas Parkway is one of the busiest in the entire Dallas metropolitan area. This project will improve pedestrian access to the intersection. The preliminary project estimate is \$2,500,000. The project is on hold pending coordination with the City of Dallas.

### Sector Community Issues

Visit Addison – The Hotel Fund budget includes operating expenditures for Visit Addison, a 26,000 square foot space that houses the Town's Visitor Services department, the Metrocrest Chamber of Commerce, and the Craft Guild. Total operating expenses are budgeted at \$570,690 for FY2013. Rental income from the center, including rent from the Chamber and the Guild, is budgeted at \$193,000. The Town expects Visit Addison to complement the shops and drive traffic to the Village on the Parkway retail complex in which it is located.

## Sector 2

### Sector Description

The most densely developed section of the Town is in Sector 2. Within this area are the Quorum Office Park, two convention hotels, several motels, and most of the Town's restaurants and retail establishments. The major thoroughfares of Belt Line Road, Inwood Road, Midway Road, and the Dallas North Tollway influenced the rapid growth of the area. The area is bisected by the St. Louis and Southwestern railroad line.

### Capital Projects

#### *Accomplished*

Belt Line Road Median Lighting & Landscaping – Belt Line Road is Addison's "Main Street" where most of Addison's restaurants and retail establishments reside. Although the road was designed for optimal vehicular traffic flow, it is not conducive to pedestrian traffic. Included in the Town's 2000 Bond Capital Improvement Program was \$11 million for relocating sidewalks away from the roadway and adding landscaping to make Belt Line Road a more pedestrian friendly street between Dallas Parkway and Addison Road. The conceptual design for the project was completed in FY2010, and the street lights, median landscaping, and enhanced median paving were completed in 2012.

#### *Immediate (1 to 12 months)*

Belt Line Road Utilities – In May 2012, voters approved a bond proposition that provides funding to relocate the overhead utilities along Belt Line Road. Design for this project will begin in 2013.

Railroad Crossing Improvements – The Cotton Belt railroad line carries freight through the North Dallas area. Federal law requires train engineers to blow their horns when approaching street crossings. The noise is disruptive to the residents and office workers residing in Sectors 2 and 5. The project would improve the crossings to add signal arms that would totally block automobile traffic from crossing the tracks. The improvements would allow engineers to refrain from blowing the engine horns. The project is expected to cost \$426,000 and would be paid from DART Local Assistance Program/Congestion Management System (LAP/CMS) grants and surplus bond funds. The FY2012 budget for the Street Capital Project Fund included \$258,500 for this project. This project is on hold, pending progress on the Cotton Belt

Rail Project.

#### *Long-Term (37 to 60 months)*

**Arapaho Road/Tollway Overpass Modification** – This project would expand the section of Arapaho Road that crosses over the Dallas North Tollway to accommodate a free lane for southbound traffic along Dallas Parkway (access road to the Tollway) to make a U-turn to go northbound. The project has been suspended because a source of funding for the project's estimated cost (\$750,000) has yet to be identified.

**Midway Road Reconstruction** – In May 2012, voters approved a bond proposition that would allocate \$16 million for the reconstruction of Midway Road, from Spring Valley Road to Keller Springs Road. The improvements include reconstruction of the street paving, water, sewer and stormwater improvements, sidewalks and other pedestrian amenities.

#### **Sector Community Issues**

**DART Rail** – Located near the Addison Circle Urban Community District and the Arts and Events District (discussed in greater detail in the Sector 5 narrative) is the DART transit center that is used by over a dozen bus routes serving Addison and the North Dallas corridor. The center is adjacent to the former Cotton Belt railroad line that is now owned by DART. The line extends to the DFW International Airport and represents an opportunity for commuter rail that would serve the area. The Town contracted with a consultant to study the issue. The result of their analysis is that the rail line serves more companies and a greater employment base than the entire Dallas central business district. DART has included the project in its long-term 2030 capital plan. Addison staff will work to ensure the project is high on the agency's priority list. The Town is currently pursuing an Innovative Financing Initiative from NCTCOG to finance the project's design and engineering costs.

**Addison Beverage Center** – When Addison began developing in the early 1980's it was the first city in the North Dallas area to allow for the sale of packaged (versus restaurant sale) alcoholic beverages. The Town's Charter originally required that the sale of these beverages be limited to a one-mile section of Inwood Road. In November 2010, voters approved a proposition to lift the Inwood Road restriction on beer and wine sales and allow those to be sold

Town-wide.

### **Sector 3**

#### **Sector Description**

The majority of the Town's population and single-family housing is contained within the boundaries of Sector 3. Prominent features of the sector include Fire Station 2, the Addison Athletic Club, Redding Trail (formerly Les Lacs Linear Park), the private Greenhill School, and DISD's Loos Field athletic complex. The sector includes the Vitruvian Park development area and the new George H.W. Bush Elementary School.

#### **Capital Projects**

##### *Accomplished*

**Vitruvian Park Public Improvements Program Phase I** – This area, once referred to as the Brookhaven Club area, was comprised of several older apartment complexes and had some of the Town's oldest public infrastructure. A major redevelopment of the area began in 2009. A 12-acre creekside park, two vehicular bridges, and one pedestrian bridge were completed in 2012 at a total cost of \$16.25 million. Operating costs including utilities and park maintenance are expected to total \$90,000 per year and are included in the FY2013 budget.

**Spring Valley Road/Vitruvian Way Intersection Improvements** – Intersection improvements at Spring Valley Road including road widening and upgraded signalization were completed in 2012 at a cost of \$3.3 million. A trailhead connecting the Redding Trail with Vitruvian Park and the Brookhaven College campus was a part of the Spring Valley Road improvement project.

##### *Immediate (1 to 12 months)*

**Elevated Storage Tank** – To ensure adequate water pressure is provided to all areas of the community, consulting engineers have recommended the Town build a second elevated water storage tank. The tank will have a capacity of 1.5 million gallons with an overflow elevation of 777 feet and will be located on Arapaho Road across from the existing Surveyor ground storage tank. The total construction budget is \$5.7 million and is funded through certificates of obligation sold during the 2008 fiscal year as well as \$472,000 in grant funding. Engineering of the project was completed during FY2010. Construction began in FY2011 and scheduled is for completion in FY2013. Once completed,

the project will require minimal operating expenses, but the tank will have to be repainted every 10 to 15 years at a cost of approximately \$30,000.

Vitruvian Park Public Improvements Program Phase II – As the Vitruvian Park redevelopment reaches certain milestones, additional debt will be issued to complete Phase II of public infrastructure projects. This phase includes additional streets, two parks, and a soccer field. The total debt issued for this phase is scheduled for \$26 million, included both certificates of obligation and voter-approved general obligation bonds. This project included in the General Fund long-term financial plan.

### Sector Community Issues

Vitruvian Park – UDR Inc. is a self-administered real estate investment trust that acquired over 100 acres of the Brookhaven Club area and the related apartment complexes. UDR and the Town are working together on a total reinvention of the neighborhood which entails demolishing more than 3,200 aging apartment units and replacing them with 5,500 new units. The neighborhood will also incorporate new parks and open spaces, including a 12-acre park along the Farmers Branch Creek. In FY2010, the project reached its first major milestone with the completion of Savoye, a complex comprised of 392 multi-family units. Construction of Phase II was completed in FY2011, which contains another 347 multi-family units, some office space, and retail space at the street edge. Leasing activity for Phases I and II continues to be strong. Construction of Phase III began in FY2012 and will add an estimated 401 multi-family units. The development will create another urban community for Addison, similar to Addison Circle (see Sector 5). The Town is participating in the project by funding public infrastructure improvements totaling approximately \$49 million. Construction of all infrastructure is being coordinated through a Master Facilities Agreement between the Town and UDR. At ultimate build out, the development is anticipated to add \$1 billion in value to the Town's property tax base.

George H. W. Bush Elementary School – The Town worked with DISD to build a Kindergarten through Fifth Grade elementary school on DISD's Loos Field athletic complex site, which is the district's first public school located in Addison. The school opened in August 2011. The school was made possible by

the successful passage of the district's 2008 \$1.35 billion bond election and was built to be energy efficient. The Town participated in the design of outdoor areas that include two playgrounds, a learning garden, soccer/open play fields, and an outdoor amphitheater. The Town has contracted with the district to maintain these outdoor areas at the same high-quality levels of other Town parks.

## Sector 4

### Sector Description

The distinguishing feature of this area is the Addison Airport, one of the busiest single-runway general aviation airports in the region. The airport has attracted considerable commercial activity including several hangar/office complexes. The south and western areas of the sector encompass almost all of Addison's light industrial development. Located within Sector 4 are the Town's police station, Fire Station 1, and Service Center.

### Capital Projects

#### *Accomplished*

Taxiway Improvements – Engineering and design for the reconstruction of Taxiway Alpha was completed at a cost of \$360,000.

Engineered Materials Arrestor System (EMAS) – An EMAS is intended to stop aircraft that overshoot a runway when there is insufficient space for a standard runway safety area. A feasibility study was conducted in FY2012 to determine if an EMAS can and should be installed at the airport. The Town's cost of the study was \$10,900.

#### *Immediate (1 to 12 months)*

Taxiway Alpha – This project includes engineering, design, and reconstruction of Taxiway Alpha. The reconstruction is underway and scheduled to be completed September 2013 at a cost of \$10 million. The Town's cost for the project is estimated at \$1 million.

Perimeter Security and Access Control System – A study will be performed to determine the best product for an Access Control System that is best suited for Addison Airport. The Town's cost of the study is budgeted at \$10,000. Upon completion of the study, design and engineering for the system is

estimated to begin. The Town's budgeted cost for the design and engineering is \$20,000.

**Engineered Materials Arrestor System (EMAS)** – Engineering and design for the construction of an EMAS system is estimated to begin in 2013. The Town's cost for the design and engineering is estimated to be \$20,000.

**Master Plan Update** – This project will include a design and compilation of various strategic objectives for the airport. The Town's cost for the Master Plan update is budgeted at \$20,000.

**Automatic Weather Observation System (AWOS)** – This system automatically provides incoming pilots with real-time weather updates. Included in the project is an upgrade designed to detect frost, snow, sleet, and ice. These features add to the safety of operations in inclement weather. The cost of the system is budgeted at \$15,000.

**A Wildlife Hazard Assessment Study** - This study is a year-long evaluation by a wildlife damage management biologist to evaluate potential wildlife hazards to aviation and airport operations. The approximated cost to the Town for this study is \$13,000.

#### *Intermediate (13 to 36 months)*

**Addison Road/Keller Springs Intersection** – This project adds two turn lanes on Keller Springs Road and replaces existing traffic signals to accommodate a wider pavement section at the entrance of the Keller Springs Toll Tunnel. The cost is estimated to be \$1.2 million with Dallas County contributing \$400,000 and NTTA providing \$600,000 along with the Town's contribution of \$200,000. The project was tentatively scheduled to begin in fiscal year 2011 but has since been delayed. The project will not have a material impact on operating expenditures.

**Engineered Materials Arrestor System (EMAS)** – Upon completion of engineering and design, the project will be scheduled for construction in 2014 at an estimated cost of \$6 million.

**Taxiway Uniform and Victor** – This project includes engineering and design of drainage improvements for Taxiway Uniform and Victor. The estimated cost for the engineering and design phase is \$450,000 and is scheduled for completion in FY2014. The drainage improvements are scheduled for FY2015 at a cost of \$4.5 million.

**Perimeter Security and Access Control System** – This project is anticipated to be implemented in two phases. Phase I in 2014 and phase II in 2015 for an estimated project cost of \$1.2 million. The Town's share of cost is estimated at \$120,000.

**Extend Taxiways Bravo and Golf** – To provide enhanced safety and greater accessibility on the west side of the airport. Engineering and design is estimated at \$350,000, of which the Town is responsible for an estimated cost of \$35,000.

**West Lindbergh/Richard Byrd Sewer Rehabilitation** – This project consists of sliplining 2,700 feet of the existing six-inch clay tile line. This line is approximately 30 years old and is a source of inflow and infiltration into the wastewater system. The use of this liner will eliminate ground water from entering the sanitary sewer system and will improve the structural and flow characteristics of the line without the need of any major line construction. The project is scheduled to take place in fiscal year 2013 with a budget of \$108,000. The completed project is expected to save an estimated \$5,000 a year in sewer treatment charges by reducing the volume of storm water infiltration.

#### *Long-Term (37 to 60 months)*

**Midway Water Line Rehabilitation** – The project, which includes the replacement of 2,000 feet of twelve-inch cast iron pipe, is scheduled for fiscal year 2014 with a budget of \$610,000 and would save approximately \$5,000 annually in water lost through leaks.

**Taxiway Uniform and Victor** – This project includes engineering and design of drainage improvements for Taxiway Uniform and Victor. The estimated cost for the engineering and design phase is \$450,000 and is scheduled for completion in FY2014. The drainage improvements are scheduled for FY2015 at a cost of \$4.5 million.

### **Sector Community Issues**

Million Air, a fixed base operator, broke ground in October 2010 on a new expanded hangar facility scheduled to open in Winter 2012. This new 275,000 square foot hangar, terminal, and ramp will be built at an estimated cost of \$4 million and will increase the company's capacity by nearly 50 percent. In addition to office and storage space, the structure will contain a new 40,000 square foot hangar to house the Million Air managed fleet and will be able to accommodate the new Gulfstream

G-650 available in early 2012.

## Sector 5

### Sector Description

The smallest of the planning sectors, Sector 5 contains Addison's old business district. While the area had been among the least developed in the Town, the Addison Circle development has transformed this sector into a vibrant nucleus of the Addison community. The Addison Circle Urban Community District combines extensive park and median landscaping with upscale multi-family housing and small retail shops in the North Quorum area. The sector is also home of the Arts and Events District which includes the Town's Conference Centre and Theatre and Addison Circle Park, which is used extensively for special events such as Oktoberfest and Taste Addison.

### Sector Community Issues

Addison Circle Development – With the completion of Meridian Square in FY2010, the Addison Circle development is near build-out. Phase II of the Allegro apartments will take the last available parcel in Addison Circle. The 121-unit apartment project began construction in January 2012. Addison Circle began as a vision crafted by the Addison 2020 Committee, which was established in 1992 to envision Addison's future. The project broke ground in 1997 and has transformed Addison's profile and confirmed its brand as a true urban destination. The award-winning, nationally acclaimed mixed-use development now boasts 2,141 multi-family units, 407 townhome and condominium units, 550,000 square feet of office space, and

75,000 square feet of retail space.

## Sector 6

### Sector Description

Sector 6 is distinguished from the other planning areas by the fact that it has the most footage fronting the Dallas North Tollway, making it conducive for future office development. Located in the sector are the private Trinity Christian Academy and the newly completed Methodist Hospital for Surgery.

### Sector Community Issues

Methodist Hospital for Surgery – Medical Development, LLC completed construction of Phase I of a spine and orthopedic specialty hospital for the partnership of Methodist Health System and Nueterra Healthcare in September 2010. The \$60 million, 32-bed hospital is Phase I of a development plan that will ultimately contain an additional 232-bed hospital and two medical office buildings. Planning is underway on the first medical office building which is comprised of 80,000 square feet. The building will be adjacent to the hospital. The developers are working on pre-leasing the facility and will begin construction as soon as a sufficient number of leases have been signed.







**“KNOWLEDGE IS OF NO  
VALUE UNLESS YOU PUT  
IT INTO PRACTICE.”**

**— ANTON CHEKHOV**

# Appendix A

## The Budget Process

1

***April 2012 — Schedules Distributed to City Council***

City Manager presents Council with budget schedule. Council reviews goals and vision to determine whether these goals should be revised.

2

***April 27 — Budget Requests Submitted and Reviewed***

Deadline for department budgets to be submitted to Financial and Strategic Services. Staff spends the next several weeks reviewing department budgets for presentation to the Council in July work sessions.

3

***June 2012 — Work Session with City Manager***

A series of meetings are conducted by the City Manager with individual departments to discuss each department's budget requests.

4

***July 23 — Certified Tax Rolls Received***

Certified appraisal rolls from the Dallas Central Appraisal District are received showing taxable values of \$3,143,228,406.

5

***July 31 — 2011–2012 City Manager's Proposed Budget***

City Manager's proposed budget is filed with the City Secretary and made available to the public as required by the City Charter. The budget reflects total appropriations of \$65,994,390 and a tax rate of 62.500 cents.

6

***August 3 — Effective Tax Rate Published***

Upon receipt of the certified appraisal rolls, Financial and Strategic Services performs the net effective tax rate calculation as required by State Law. The net effective tax rate is calculated to be 56.1941 cents with a rollback rate of 62.9247 cents.

7

***August 2012 — Work Session with Council***

Council attends General, Hotel, Airport, and Utility Fund workshops to discuss various aspects of the individual budgets.

8

***August 21 — September 10 — Public Hearing Held***

Following the required newspaper notices, public hearings on the budget are conducted.

9

***September 17 — Council Adopts the 2012–2013 Budget***

Council approves ordinances adopting the budget for the fiscal year beginning October 1, 2012 with total appropriations of \$65,868,980 and a tax rate of 58.0 cents.

10

***December 2012 — 2012-2013 Budget Document is Published***

Financial and Strategic Services department staff develops final budget document. The document is returned from the printer and distributed to users.

11

***June 2013 — Budget is Amended***

Typically in June, a work session is conducted to discuss budget amendments. Any budget amendments are adopted by ordinance at a regularly scheduled Council meeting.

# Appendix B

## Financial Policies

### Introduction

The Town of Addison, Texas financial policies set forth the basic framework for the fiscal management of the Town. These policies were developed within the parameters established by applicable provisions of the Texas Local Government Code and the Town of Addison City Charter. The policies are intended to assist the City Council and City staff in evaluating current activities and proposals for future programs. The policies are to be reviewed on an annual basis and modified to accommodate changing circumstances or conditions.

### Annual Budget

*Sections 1-6 are requirements set forth in the Town's Charter.*

1. The fiscal year of the Town of Addison shall begin on October 1 of each calendar year and will end on September 30 of the following calendar year. The fiscal year will also be established as the accounting and budget year.
2. The City Manager, prior to August 1 of each year, shall prepare and submit to the City Secretary the annual budget covering the next fiscal year, which shall contain the following information:
  - a. The City Manager's budget message shall outline the proposed financial policies for the next fiscal year with explanations of any changes from previous years in expenditures and any major changes of policy and a complete statement regarding the financial condition of the Town.
  - b. An estimate of all revenue from taxes and other sources, including the present tax structure rates and property valuations for the ensuing year.
  - c. A carefully itemized list of proposed expenses by office, department, agency, and project for the budget year, as compared to actual expenses of the last ended fiscal year, and estimated expenses for the current year compared to adopted budget.
  - d. A description of all outstanding bonded indebtedness of the Town.
  - e. A statement proposing any capital expenditure deemed necessary for undertaking during the next budget year and recommended provision for financing.
  - f. A list of capital projects which should be undertaken within the next five succeeding years.
  - g. A five-year financial plan for the General, Hotel, Airport, and Utility Funds.
3. The City Manager's budget should assume, for each fund, operating revenues that are equal to or exceed operating expenditures. The City Manager's budget message shall explain the reasons for any fund that reflects operating expenditures exceeding operating revenues.
4. At least one public hearing shall be conducted before the City Council, allowing interested citizens to express their opinions concerning items of expenditure, giving their reasons for wishing to increase or decrease any items of expense. The notice of hearing shall be published in the official newspaper of the Town not less than 15 days or more than 30 days following date of notice.
5. Following the public hearing, the City Council shall analyze the budget, making any additions or deletions which they feel appropriate, and shall, at least three days prior to the beginning of the next fiscal year, adopt the budget by a favorable majority vote. If the City Council fails to adopt the budget, the Town shall continue to operate under the existing budget until such time as the City Council adopts a budget for the ensuing fiscal year.
6. On final adoption, the budget shall be in effect for the budget year. Final adoption of the budget by the City Council shall constitute the official appropriations for the current year and shall constitute the basis of the official levy of the property tax. Under condi-

tions which may arise, the City Council may amend or change the budget to provide for any additional expense.

7. The annual budget document shall be published in a format that satisfies all criteria established by the Government Finance Officers Association's Distinguished Budget Program. The final budget document shall be published no later than ninety days following the date of the budget's adoption by the City Council.

### **Basis of Accounting and Budgeting**

1. The Town's finances shall be accounted for in accordance with generally accepted accounting principles (GAAP) as established by the Governmental Accounting Standards Board (GASB).
  - a. The accounts of the Town are organized and operated on the basis of funds and account groups. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. Governmental funds are used to account for the government's general government activities and include the General, Special Revenue, Debt Service and Capital Project Funds.
  - b. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Substantially all revenues are considered to be susceptible to accrual. Ad valorem, sales, hotel, franchise and tax revenues recorded in the General Fund and ad valorem tax revenues recorded in the Debt Service Fund are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues (except earnings on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available. Expenditures are recognized when the related fund liability is incurred, if measurable, except for principal and interest on general long-term debt, which are recorded when due, and compensated absences, which are recorded when payable from currently available financial resources.
  - c. The Town utilizes encumbrance accounting for its governmental fund types, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to assign that portion of the applicable appropriation.
  - d. The Town's proprietary fund types are accounted for on a flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned, and expenses are recorded at the time liabilities are incurred.
2. The Town's annual budgets shall be prepared and adopted on a basis consistent with generally accepted accounting principles for all governmental and proprietary funds except the capital projects funds, which adopt project-length budgets. Also, depreciation of fixed assets is not recognized in proprietary fund budgets. All annual appropriations lapse at fiscal year end. Under the Town's budgetary process, outstanding encumbrances are reported as assignments of fund balances and do not constitute expenditures or liabilities since the amounts will be expended the subsequent fiscal year.
3. The issuance of Statement 34 by GASB has influenced the creation and reporting of individual funds. GASB 34 essentially mandates dual accounting

systems: one for government-wide (i.e. the government as a single entity) reporting and another for individual fund reporting. Under GASB 34 for individual funds, the Town will continue utilizing the accounting and budgeting processes as described in paragraphs 1 and 2 of this section. However, because GASB 34 mandates the flow of economic resources measurement focus and accrual basis of accounting for the government-wide reporting, extensive reconciliation must be performed to present aggregated fund information in the government-wide reporting model. Therefore, individual operating funds will be created with the objective of reducing fund to government-wide reconciliation as much as possible. When appropriate, individual funds will be examined as to whether it will be appropriate to account for them as proprietary fund types. Also, the Town will limit the use of internal service funds and incorporate the financial transactions of those funds into other governmental funds.

### Budget Administration

1. All expenses of the Town shall be made in accordance with the adopted annual budget. The department level is the legal level of control enacted by the Town Charter. Budgetary control is maintained at the individual expenditure account level by the review of all requisitions of estimated purchase amounts prior to the release of purchase orders to vendors.
2. The following represents the Town's budget amendment policy delineating responsibility and authority for the amendment process. Transfers between expenditure accounts in one department may occur with the approval of the Chief Financial Officer (CFO). Transfers between operating departments may occur with the approval of the City Manager and CFO provided that a department's total budget is not changed by more than 5 percent. Transfers between funds or transfers between departments that change a department's total budget by more than 5 percent must be accomplished by budget amendment approved by the City Council. Budget amendments calling for new fund appropriations must also be approved by the City Council.

### Financial Reporting

1. Following the conclusion of the fiscal year, the Town's CFO shall cause to be prepared a Comprehensive Annual Financial Report (CAFR) in accordance with generally accepted accounting and financial reporting principles established by GASB. The document shall also satisfy all criteria of the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting Program.
2. The CAFR shall show the status of the Town's finances on the basis of GAAP. The CAFR shall show fund revenues and expenditures for governmental funds on both a GAAP basis and budget basis for comparison purposes. In all but two cases this reporting conforms to the way the Town prepares its budget. Compensated absences (accrued but unused sick leave) are not reflected in the budget but are accounted for in the CAFR's long-term debt account group. Depreciation expense is not shown in the budget's proprietary funds, although the full purchase price of equipment and capital improvements is reflected as uses of working capital.
3. Included as part of the CAFR shall be the results of the annual audit prepared by independent certified public accountants designated by the City Council.
4. The CFO shall, within 60 days following the conclusion of each calendar quarter, issue a report to the City Council reflecting the Town's financial condition for that quarter. The quarterly report format shall be consistent with the format of the annual budget document.

### Revenues

1. To protect the Town's financial integrity, the Town will maintain a diversified and stable revenue system to shelter it from fluctuations in any one revenue source. Recognizing that sales tax is a volatile, unpredictable source of revenue, the Town will attempt to reduce its dependence on sales tax revenue.

2. For every annual budget, the Town shall levy two property tax rates: operation/maintenance and debt service. The debt service levy shall be sufficient for meeting all principal and interest payments associated with the Town's outstanding general obligation debt for that budget year. The debt service levy and related debt service expenditures shall be accounted for in the Debt Service Fund. The operation and maintenance levy shall be accounted for in the General Fund. The operation and maintenance levy will be established within the 8 percent rollback rate as defined by the State of Texas Property Tax Code. City Council will consider exceeding the rollback rate only after options have been presented by staff to avoid the rollback by increasing revenue from other sources or reducing expenditures.
3. The Town will maintain a policy of levying the lowest tax rate on the broadest tax base. Minimal exemptions will be provided to homeowners, senior citizens, and disabled veterans. The Town may consider providing tax abatements or other incentives to encourage development.
4. The Town will establish user charges and fees at a level that attempts to recover the full cost of providing the service.
  - a. User fees, particularly utility rates, should identify the relative costs of serving different classes of customers.
  - b. Where possible, utility rates should be designed to reduce peak (hour and day) demands on the utility systems.
  - c. The Town will make every reasonable attempt to ensure accurate measurement of variables impacting taxes and fees (e.g. verification of business sales tax payments, verification of appraisal district property values, and accuracy of water meters).
5. The Town will attempt to maximize the application of its financial resources by obtaining supplementary funding through agreements with other public and private agencies for the provision of public services or the construction of capital improvements.
6. The Town will consider market rates and charges levied by other public and private organizations for similar services in establishing tax rates, fees and charges.
7. When developing the annual budget, the City Manager shall project revenues from every source based on actual collections from the preceding year and estimated collections of the current fiscal year, while taking into account known circumstances which will impact revenues for the new fiscal year. The revenue projections for each fund should be made conservatively so that total actual fund revenues exceed budgeted projections.
8. The Town will invest idle cash to obtain interest income within the constraints of the Town's annually adopted investment policy. That policy established the following six objectives:
  - a.) conformance with all Federal regulations, State of Texas statutes and other legal requirements including the Town Charter and Town Ordinances, including this Policy, b.) preservation of capital and the protection of investment principal, c.) maintenance of sufficient liquidity to meet anticipated disbursement and cash flow, d.) marketability of the investment if the need arises to liquidate the investment prior to maturity, e.) diversification to avoid incurring unreasonable risks regarding securities owned, and f.) attainment of a market rate of return equal to or higher than the performance measure established from time to time by the CFO of the Town which is commensurate with the acceptable risk and liquidity objectives of this policy.

### Operating Expenditures

1. Operating expenditures shall be accounted, reported, and budgeted for in the following major categories:
  - a. Operating, Recurring Expenditures
    - i. Personal Services
    - ii. Supplies
    - iii. Maintenance
    - iv. Contractual Services
    - v. Capital Replacement/Lease
  - b. Operating, Non-Recurring Expenditures
    - i. Capital Equipment

2. The annual budget shall appropriate sufficient funds for operating, recurring expenditures necessary to maintain established (i.e. status quo) quality and scope of city services.
3. The Town will constantly examine the methods for providing public services in order to reduce operating, recurring expenditures and/or enhance quality and scope of public services with no increase to cost.
4. Personal service expenditures will reflect the minimum staffing needed to provide established quality and scope of city services. To attract and retain employees necessary for providing high-quality service, the Town shall maintain a compensation and benefit package competitive with the public and, when quantifiable, private service industries.
5. Supply expenditures shall be sufficient for ensuring the optimal productivity of Town employees.
6. Maintenance expenditures shall be sufficient for addressing the deterioration of the Town's capital assets to ensure the optimal productivity of the capital assets. Maintenance should be conducted to ensure a relatively stable level of maintenance expenditures for every budget year.
7. The Town will utilize contracted labor for the provision of city services whenever private contractors can perform the established level of service at less expense to the Town. The Town will regularly evaluate its agreements with private contractors to ensure the established levels of service are performed at the least expense to the Town.
8. Capital equipment is defined as equipment that exceeds \$5,000 and has a useful life of at least one year. Bulk purchases of smaller equipment with a useful life of at least one year will be capitalized if the total amount of the purchase exceeds \$25,000. Existing capital equipment shall be replaced when needed to ensure the optimal productivity of Town employees. Existing capital equipment associated with General Fund operations will be amortized by charges to the departments using the equipment. The amortization charges will be sufficient for replacing the capital equipment at the end of its expected useful life. The amortization charges and application

of those funds will be accounted for in the Capital Replacement Fund.

9. Expenditures for additional capital equipment shall be made only to enhance employee productivity, improve quality of service, or expand scope of service.
10. To assist in controlling the growth of operating expenditures, operating departments will submit their annual budgets to the City Manager within a ceiling calculated by the CFO. Projected expenditures that exceed the ceiling must be submitted as separate budget adjustment requests. The City Manager will recommend the adjustment requests to the City Council, which will vote on the requests.

### Fund Balance

1. The annual budget shall be presented to the City Council with each fund reflecting an ending fund balance in the current budget year or within the long-term planning horizon which is no less than 25 percent of that fund's annual operating expenditures. To satisfy the particular needs of individual funds, ending fund balances may be established which exceed the 25 percent minimum.
2. Fund balance that exceeds the minimum level established for each fund may be appropriated for non-recurring capital projects or programs.
3. The Town will exercise diligence in avoiding the appropriation of fund balance for recurring operating expenditures. In the event fund balance is appropriated for recurring operating expenditures to meet the needs of the Addison community, the budget document shall include an explanation of the circumstances requiring the appropriation and the methods to be used to address the future use of fund balance for operating expenditures.
4. The Town shall report governmental fund balances per GASB 54 definitions in the balance sheet as follows:
  - Nonspendable (includes amounts that are not in a spendable form or are required to be maintained intact, such as inventory or permanent funds)
  - Restricted (includes amounts that can be spent only for specific purposes stipulated by external parties, such as grants and child safety fees)

- Committed (includes amounts that can be used only for specific purposes set by resolution of the City Council, such as economic development funding)
  - Assigned (includes amounts intended to be used for specific purposes, such as encumbrances)
  - Unassigned (includes all amounts not contained in other classifications; can be used for any purpose)
5. The Town shall approve all commitments by resolution of the City Council. The action to commit funds must occur prior to the fiscal year-end to report such commitments in the balance sheet of the respective period, even though the amount may be determined subsequent to fiscal year-end. A commitment can only be modified or removed by resolution of the City Council.
  6. When it is appropriate for fund balance to be assigned, the Town delegates the responsibility to assign funds to the CFO or his designee. Assignments may occur subsequent to fiscal year-end.
  7. The Town will utilize funds in the following spending order:
    - Restricted
    - Committed
    - Assigned
    - Unassigned

### Fund Transfers

1. With the exceptions noted below, there will be no operating transfers between funds. Any costs incurred by one fund to support the operations of another shall be charged directly to the fund. (For example, actual hours worked by General Fund employees for Hotel Fund events will be charged to the Hotel Fund.)
2. Fund transfers may occur when surplus fund balances are used to support non-recurring capital expenses or when needed to satisfy debt service obligations.
3. Transfers are permitted from between funds to support economic development programs.

### Debt Expenditures

1. The Town will issue debt only to fund capital projects that cannot be supported by current, annual revenues.
2. To minimize interest payments on issued debt, the Town will seek to maintain a rapid debt retirement policy by issuing debt with maximum maturities not exceeding 15 years, except in instances when the capital improvements will significantly benefit the community beyond the 15 year period. Retirement of debt principal will be structured to ensure consistent annual debt payments.
3. The Town will attempt to maintain base bond ratings (prior to insurance) of “Aa1” (Moody’s Investors Service) and “AAA” (Standard & Poor’s) on its general obligation debt.
4. When needed to minimize annual debt payments, the Town will obtain insurance for new debt issues.

### Capital Project Expenditures

1. The Town will develop a multi-year plan for capital projects, which identifies all projects likely to be constructed within a five-year horizon. The multi-year plan will reflect for each project the likely source of funding and attempt to quantify the project’s impact to future operating expenditures.
2. Capital projects will be constructed to:
  - a. Protect or improve the community’s quality of life.
  - b. Protect or enhance the community’s economic vitality.
  - c. Support and service new development.
3. To minimize the issuance of debt, the Town will attempt to support capital projects with appropriations from operating revenues or excess fund balances (i.e. “pay-as-you-go”).

### **Utility Capital Expenditures**

1. The Town will design utility rates sufficient for funding a depreciation reserve which will accumulate resources to replace or rehabilitate aging infrastructure that no longer can be serviced by regular maintenance. Attempts should be made to fund the reserve at a level approximate to annual depreciation of assets as reported in the Town's CAFR.

### **Long-Term Financial Plans**

1. The Town will adopt every annual budget in context of a long-term financial plan for the General Fund. Financial plans for other funds may be developed as needed.
2. The General Fund long-term plan will establish assumptions for revenues, expenditures and changes to fund balance over a five-year horizon. The assumptions will be evaluated each year as part of the budget development process.





# Appendix C

## Compensation Plan

**N** = Non-Exempt Position (hourly). Eligible for overtime pay when overtime is requested or approved by the supervisor in excess of 40 hours in any work week.

**E** = Exempt Position (salaried). Not eligible for overtime wages.

**P** = Police, Non-Exempt Position (hourly). Biweekly wages are calculated on hours worked in two 40-hour work weeks. Overtime wages are paid on hours worked in excess of 40 hours in any work week. Non-exempt (hourly) employees accumulate up to 2,080 hours per year. Dispatcher hourly wages are based on a 38.75-hour work week, or 2,015 hours per year. Overtime wages are paid on hours worked in excess of 38.75 hours in any work week.

**F** = Fire, Non-Exempt Position (hourly). Hourly wages are based on a 56-hour work week, 2,912 hours per year or 168 hours per 21-day work period. Half time overtime applies on the first nine hours worked over 159 hours each 21-day work period. Regular time plus one-half applies on all hours worked over 168 hours each 21-day work period.

### Merit and Market Pay Plan

The purpose of the merit and market pay plan is threefold: to encourage excellence in service by tying salary increases to job performance rather than tenure; to reward employees for their efforts and job performance; and to remain competitive with other metroplex cities in regards to the Town's compensation program.

Performance evaluations for all employees are completed during the month of September, regardless of the anniversary date of an employee's employment. Any approved merit increases are awarded during the month of October. There is no set time interval employees can expect to reach the top salary of their range.

Included in the 2012-2013 budget is a merit increase in which employees are eligible to receive a 0-5 percent increase in their base salaries. This benefit is different from the previous fiscal year where Council approved funding for a 1 percent one-time merit benefit payment to employees.

Promotions generally result in an immediate salary increase of at least 5 percent without regard to the date of the last increase. New employees who have yet to complete their initial trial periods by October 1 will be eligible for an increase at the completion of their trial periods, which lasts a minimum of six months.

# Wage and Salary Scale

## Departments

Level	Base Salary	Top Salary
1-N	20,966	31,470
2-N	22,256	33,384
3-N	23,608	35,422
4-N	25,064	37,586
5-N	26,582	39,874
6-N	28,226	42,286
7-N	29,931	44,886
8-N	31,741	47,632
9-N	33,675	50,523
10-N	35,734	53,602
11-N	37,918	56,888
12-N	40,227	60,361
13-N	42,681	64,022
20-E	42,742	64,091
21-E	46,022	69,034
22-E	49,567	74,328
23-E	53,373	80,059
24-E	57,484	86,205
25-E	61,881	92,855
26-E	66,672	99,985
27-E	71,790	107,664
28-E	77,324	115,953
29-E	83,273	124,878
30-E	89,662	134,503
31-E	96,573	144,849
32-E	103,989	156,005
33-E	111,994	167,992
34-E	120,613	180,920

## Police Department

Level	Base Salary	Top Salary
D1	36,818	55,207
P1	45,740	
P2	48,011	70,935
P3	71,749	81,861
P4	79,881	92,446
P5	90,241	102,977
P6	92,700	106,605

## Fire Department

Level	Base Salary	Top Salary
F1	44,780	
F2	47,510	65,836
F2a	60,527	69,616
F3	70,455	77,653
F4	75,794	83,532
F5	79,903	104,563
F6	81,504	106,163
FP1	47,464	65,840
FP2	75,755	83,532

# Appendix D Major Revenue Sources

The revenue sources described in this section account for \$39,708,450, or 67.4 percent of the Town's total operating revenues (excluding interfund transfers).

## Property Taxes

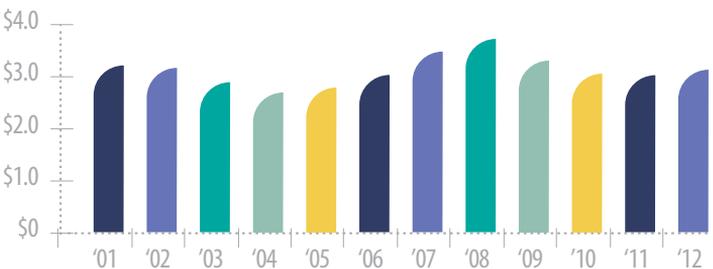
Property (ad valorem) taxes attach as an enforceable lien on property as of each January 1st. The Town's property tax is levied each October 1st on the assessed value listed as of the prior January 1st for all real and business personal property located in the Town. Assessed values are established by the Dallas Central Appraisal District (DCAD) at 100 percent of the estimated market value and certified by the Appraisal Review Board. The assessed taxable value for the roll as of January 1, 2012, upon which the fiscal year 2013 levy is based, is \$3,134,894,878. This amount is net of \$400,355,712 (representing 13 percent of taxable value) of agricultural, homestead, over-65, disabled veteran, and other exemptions. New construction valued at \$29,283,680 is included on the 2012 certified tax roll, which increased 3.5 percent over the previous year and 2.5 percent from the 2010 certified tax roll. The steady increase in values is due, in large part, to the moderate expansion of the Texas economy, in contrast to the sluggish progress on the national stage. In 2009 and 2010, the local economy slowed, resulting in lower occupancy rates for both hotels and office buildings, thus, lowering overall value. However, Addison has experienced resurgence in construction projects and economic development, and recognizes that the local economy is cyclical. The Town continues to realize increased values

particularly that related to the Vitruvian Park development, and expects a continued growth as the nation's economy stabilizes.<sup>1</sup>

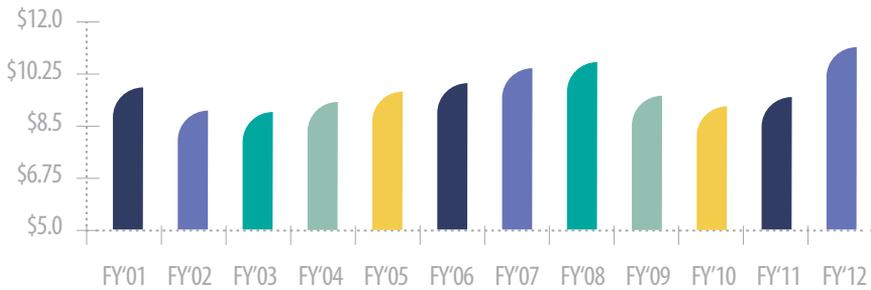
The Town is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to \$2.50 per \$100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The tax rate for the year ending September 30, 2013 is 58.00¢ per \$100 of valuation, of which 35.93¢ is allocated for general government operation and maintenance and 22.07¢ is allocated for retirement of general obligation long-term debt. Of the 35.93¢ allocated for operations and maintenance, 2.25¢ is committed to economic development.

In Texas, county-wide central appraisal districts are required to assess all property within the appraisal district on the basis of 100 percent of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the Town may, at its own expense, require annual reviews of appraised values. The Town may challenge appraised values established by the district through various appeals and, if necessary, legal action. Under this arrangement the Town continues to set tax rates on property. However, if the tax rate, excluding tax rates for retirement of bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8 percent, qualified voters of the Town may petition for an election to determine whether to

Assessed Valuation of Taxable Property as of January 1st of Levy Year (in billions)



## Sales Tax Revenue (in millions)



limit the tax rate to no more than 8 percent above the tax rate of the previous year. The tax rate that equates to an 8 percent increase above the prior year rate is known as the “rollback rate.” The FY2013 tax rate adopted by the Town is less than the calculated 62.64¢ rollback rate.

Taxes are due January 31st following the October 1st levy date and are considered delinquent after January 31st of each year. Based upon historical collection trends, current tax collections for the year ending September 30, 2013 are estimated to be 99 percent of the levy and will generate \$18,000,570 in revenues. Delinquent taxes and penalties are expected to produce an additional \$53,350.

1. For more information related to the Town's current projects and development, please refer to the Town Chronicle section of this document.

### Sales Tax

The sales tax in Addison is 8.25 percent of

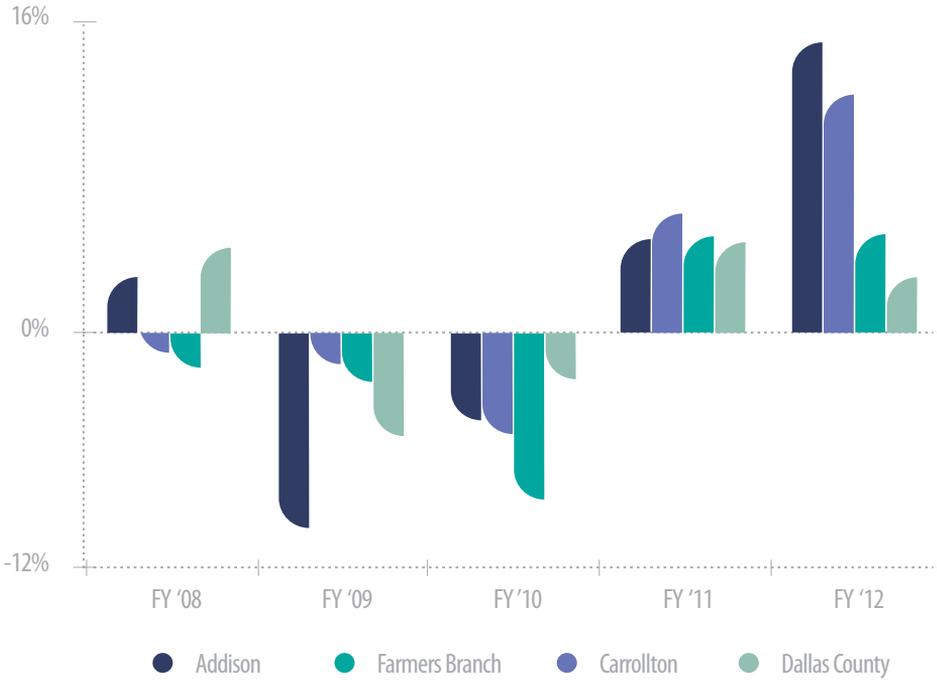
goods or services sold within the Town's boundaries. The tax is collected by businesses making the sale and is remitted to the State's Comptroller of Public Accounts on a monthly, and in some cases, a quarterly basis. Of the 8.25 percent tax, the State retains 6.25 percent and distributes 1 percent to the Town of Addison and 1 percent to the DART mass transportation authority. The State distributes tax proceeds to local entities within 40 days following the period for which the tax is collected by the businesses.

For the year ending September 30, 2013, the Town of Addison expects to receive \$10,744,010 in sales and use tax revenue. This amount represents a 2 percent increase over the projected FY2012 collections of \$10,533,340 and a 12.3 percent increase over the FY2012 budget. Monthly collections during FY2012 averaged about 15.1 percent above what was collected in FY2011, far more than Dallas County's 2.9 percent increase, and the State's 7.9 percent increase from. The Town's General

## Breakdown of FY 2012 Sales Tax by Economic Category



## Sales Tax Receipts Year-Over-Year Percentage Change



Fund long-term plan assumes a 2 percent growth in sales tax for FY2013, and projects a 3 percent increase for years 2014 through 2017.

Another sales tax levied by the State of Texas is the alcoholic beverage tax which is applied against all mixed drinks and packaged liquor sold in the Town. The tax is 14 percent of the sales price and, like the general sales tax, is collected by the State. However, the Town's share of the dollar revenues generated by the tax thru FY2012 was only 8.4 percent of the States' collections, due to amendments during the 82nd Texas Legislature that reduced the local percentage (previously 10.7 percent in Addison) by over 2 percent, giving a larger portion of revenue to the State.<sup>2</sup> The modification significantly impacts a city like Addison, with its numerous restaurants

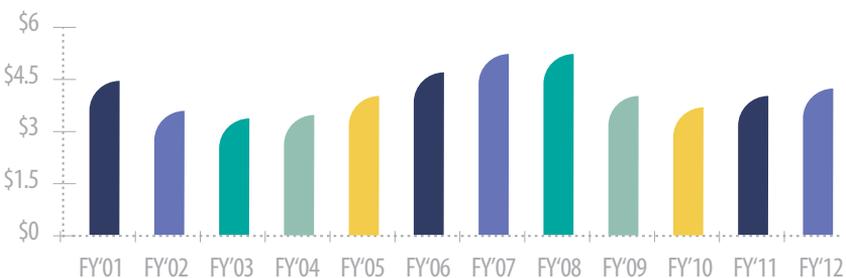
and hotels. Although Addison has less than 15,000 residents, its concentration of hotels and restaurants make it the 12th highest city in Texas for alcoholic beverage sales, surpassing Irving with a population of 216,290 and Frisco with a population of 116,989 (2010 Census). Due to the change in amount received, alcoholic beverage tax is expected to produce \$816,000 for the 2013 fiscal year, or 12 percent less than the actual FY2011 collections.

2. *Window of State Government, Texas Comptroller of Public Accounts.*

### Hotel/Motel Occupancy Tax

The occupancy tax is levied by both the Town and the State against a hotel or motel's gross occupancy receipts on a monthly basis. The Town's tax is 7

## Hotel Occupancy Tax Revenue (in millions)



**Percentage of FY 2011 Hotel Occupancy Tax Receipts by Establishment**

Establishment	Number of Rooms	Percentage of Revenue
<b>Full Service</b>		
Marriott Quorum	535	15.5%
Hotel Intercontinental	532	16.1%
Crowne Plaza	429	11.4%
<b>Extended Stay</b>		
Budget Suites	344	0.0%
Hawthorne Suites	70	1.4%
Marriott Residence Inn	150	4.3%
Summerfield Suites	132	3.4%
Homewood Suites	128	4.6%
Springhill Suites	159	5.4%
<b>Business Moderate</b>		
Marriott Courtyard Quorum	176	6.6%
LaQuinta Inn	152	3.8%
Marriott Courtyard Proton	145	3.9%
Holiday Inn Express	102	3.9%
Hilton Garden Inn	96	4.3%
Holiday Inn - Arapaho	101	2.7%
Best Western	86	1.2%
<b>Economy</b>		
Motel 6	126	2.0%
Hampton Inn	159	4.9%
Quality Inn	115	1.3%
Comfort Suites	78	1.8%
Super 8	78	1.1%
Best Value	60	0.4%
<b>TOTAL</b>	<b>3,953</b>	<b>100.0%</b>

percent, the maximum allowed by law, and is levied along with the State's 6 percent rate. Revenue generated by the tax is restricted by State law to directly enhance and promote the tourism, convention, and hotel industries. According to State law, individuals renting rooms for more than 30 consecutive days are exempt from paying the tax.

Due to the national economic downturn, hotel occupancy taxes declined nearly 30 percent between FY2008 and FY 2010. The decline in hotel occupancy taxes showed a bottoming out in FY2010 and began to show significant gains in FY2011. Led by strong numbers from Super Bowl XLV room nights in February 2011, year-over-year growth for hotel tax receipts

was nearly 10 percent, and receipts are estimated at \$4,000,000 for FY2011. For the year ending September 30, 2012, the Town expects occupancy taxes to show modest growth at \$4,100,000. Addison's collection of hotel occupancy tax ranks it in the top 20 in the State in 2011, ahead of cities like Richardson with a population of 99,233 (2010 Census).

**Franchise Fees**

Effective January 1, 2002, the method of collecting franchise payments changed with the partial deregulation of electric power in Texas. In the past, the Town received franchise fee payments once per year based on 4 percent of Oncor's total electric sales within Addison. Under

deregulation, the franchise fee payment has been replaced by a per kilowatt hour fee. The fee is calculated by taking the total franchise amount paid by Oncor to Addison in 1998 and dividing the amount by the number of kilowatt hours sold that same year. That fee was calculated to be \$0.0025441. Competing retail electric providers (REPs) will collect a per kilowatt charge from their customers and then remit the fee to Oncor's regulated transmission and distribution company. Oncor will then pay the Town the fee revenue collected from the REPs. The Town expects to receive \$1,555,500 as an electric franchise fee payment in FY2013.

Deregulation of the telecommunications industry and Federal laws governing the treatment of telecommunication companies by cities caused the Texas State Legislature to review the methods by which cities are compensated by telecommunication companies for use of public right-of-ways. A law was passed in 1999 that required cities to be compensated based on the number and type of telecommunication access lines each company has in a particular jurisdiction. This method of compensation is different from the percentage of gross receipts formula historically used by most cities. The law was passed with the goal of maintaining the cities' revenue base. Using guidelines promulgated by the Texas State Public Utilities Commission, cities across the state developed access line fees that were implemented on July 1, 2000. In Addison, the computed fees that are added to telecommunication customer monthly bills currently are as follows:

**Category 1**

(Residential lines) **\$1.07**

**Category 2**

(Non-residential or business lines) **\$2.59**

**Category 3**

(Point-to-point or dedicated lines) **\$5.13**

The FY2013 budget anticipates \$663,000 from telecommunication access line fees. While this revenue source has seen significant decline in past years with the movement away from traditional land line telephone service, the popularity of "bundle" packages where customers can bundle land line telephone, Internet, and cable services has stabilized this revenue source.

Other franchise fees paid to Addison include gas, cable, and street rental fees. For FY2013 cable franchise fees are budgeted at \$290,540. In 2011 the cable franchise structure changed in Texas where cable companies will now begin reporting under a state cable franchise agreement rather than individual local agreements. The transition had little financial impact, as cable companies were still required to remit 5 percent of their gross receipts. Gas franchise fees for FY2013 are budgeted at \$208,650, and various street rental fees are budgeted at \$7,000.

**Utility Fees**

The Town of Addison charges fees for the provision of water and sewer services to residents and businesses located within the Town. The Town utilizes a comprehensive utility rate structure which is based upon charging minimum bills for customer classifications depending upon the demand each classification places upon the utility system. This structure allows the fund to equitably recover a greater portion of its fixed expenses through a relatively constant revenue stream.

For FY2013, the Town Council agreed to maintain the current water and sewer rates in order to support operating expenses, debt service associated with capital projects of previous years and future capital projects needed to maintain the Town's water and sewer systems. Under these rates, each customer will pay a minimum monthly bill depending upon how their account is classified. For example, a single-family customer will pay a minimum rate of \$10.56 for water and \$15.48 for sewer, which includes 2,000 gallons, totaling \$26.04 each month. At the other end of the scale, a commercial customer with a meter greater than two inches in size pays a minimum monthly bill of \$271.74, with an allowance of 37,000 gallons. Sewer charges are dependent upon the volume of water consumed and are structured similar to the water rates. The exception to this rule is single-family residential customers who cease paying sewage fees once water consumption exceeds 8,000 gallons. The combined monthly water and sewer bill for a single-family residence that consumes 10,000 gallons is \$72.72.

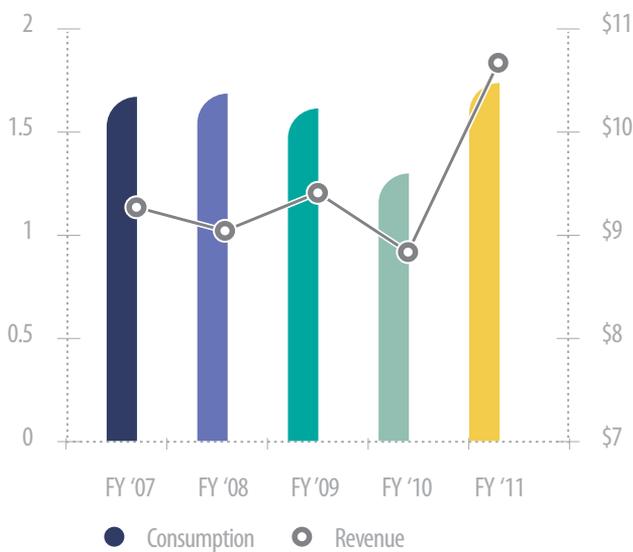
**Utility Accounts and Revenues by User Type**

FY2011-2012 Customer Classification	Water		Sewer	
	Number of Accounts	Percent of Revenues	Number of Accounts	Percent of Revenues
Single Family	1,742	12.6%	1,739	14.3%
Multi-Family	132	11.9%	130	30.5%
Municipal/School	31	0.6%	29	1.3%
Irrigation	631	50.2%	-	0.0%
Hotel/Motel	31	6.0%	30	10.7%
Commercial	647	16.8%	631	42.8%
Fire Meter	336	1.7%	-	0.0%
Industrial	9	0.2%	9	0.4%
<b>TOTAL</b>	<b>3,559</b>	<b>100.0%</b>	<b>2,568</b>	<b>100.0%</b>

The Town’s rate schedule includes a conservation water rate that was first implemented in 2003. This rate applies to all customers with irrigation meters and single-family customers who consume more than 15,000 gallons in a month. The conservation rate is \$4.57 per 1,000 gallons compared to the base water rate of \$2.28 per 1,000 gallons over the minimum.

This section includes a distribution of customers by classification and the approximate percentage of contribution each classification made to water and sewer operating revenues in FY2012. For the 2012-2013 budget year, the Town’s Utility Fund anticipates receiving \$5,968,820 from the sale of water and \$4,679,200 from sewer fees. The total utility fees represent a slight decrease compared to the previous year’s budget.

Water Consumption (in billions of gallons) and Water/Sewer Revenue (in millions)



# Appendix E

## Long-Term Financial Plans

### Narrative

In accordance with the Town's financial policies, the 2012-2013 budget was developed in context of long-term financial plans. The plans anticipate funding needs and available revenues and forecast methods for matching future revenues and expenses. Plans have been developed for all the Town's major operating funds: General, Hotel, Airport, and Utility. Each plan presents the fund over seven fiscal years: two previous years, the adopted "base year" budget for fiscal year 2013, and four projected years. There are several benefits to these plans. First, the plans give future Councils a valuable perspective when considering budgets within each plan's five-year horizon. Second, the plans impart a measure of discipline on Town staff. The plans establish funding ceilings on recurring operating expenditures. Department directors may only exceed these ceilings by presenting requests to the City Manager and Council that provide new or expanded services to the community. Operating budgets are increased only when Council votes to approve each request.

Finally, the plans help the Town in absorbing the impact of economic booms and busts. The Town of Addison is particularly susceptible to economic fluctuations due to its dense commercial base. Although the Town has less than 14,000 residents (2010 Census data), because of its office buildings, hotels, restaurants, and shops, it is estimated that the Town serves a population in excess of 150,000.<sup>1</sup> By establishing funding ceilings, revenue generated by an economic "boom" is added to fund balance so that funds are available to support city services when the inevitable economic "bust" arrives. This aspect of the plans is exercised in all four operating funds with the planning horizon beginning with the 2013 fiscal year. The Town is emerging from the economic malaise of the past three years that was associated with the national economic recession. However, the growth in economic activity is beginning to show signs of improvement with general tax revenues expected to increase slightly over the next few years. In the General and Hotel Funds, operating balances built up during the economic expansion period had been drawn down significantly in FY2012.

The 2012-2013 budget for these two funds curtailed operating expenditures to minimize the disparity between revenues and expenditures in order to retain, or recover, balances that are at least 25 percent of operating expenditures as established by the financial policies that govern Addison's budget development.

### General Fund Long-Term Plan

The plan reflects the following assumptions based on historic trends and knowledge of economic conditions present when the budget was developed:

1. Non-property taxes increased 7.3 percent from fiscal year 2011 to the estimated 2012 total. The FY2013 budget assumes a 2 percent growth in sales tax. The Town is optimistic regarding its FY2013 sales tax collections based on the past twelve months of collections. The projected years of 2014 through 2017 assume modest 3 percent annual increases.
2. Property tax revenue is dependent on two variables: appraised value and the tax rate. Property values for 2012 (used for the 2013 levy) increased 3.5 percent; this was the first increase in value since 2008. From FY2010 through FY2012, values have declined a cumulative 5.1 percent. The decline is attributed to the supply of office and commercial space exceeding demand, dampening leasing rates, and leading to reduced market values of the properties. However, the Town's focuses on expanding their economic development efforts has shown signs of reversing these negative trends and have helped spur the majority of our new construction throughout the community. The tax rate established for the 2013 fiscal year is 58 cents per \$100 assessed values, no increase from the previous year. The Town's interest and sinking portion of the rate provided an additional \$970,950 for debt service, while reducing the maintenance and operations funding by \$181,780. Of this incremental amount, \$149,320 increase is directed to the Economic Develop-

1. Please refer to Appendix D, which discusses the Town's major revenues in context of urban populations.

ment Fund and a reduction of \$331,100 for General Fund activities. The General Fund long-term plan assumes 1 percent average increase of appraised values from fiscal year 2014 to 2015, and 2 percent for fiscal year 2016 to 2017, and much of this expected growth can be attributed to new construction each year.

3. All other revenues during the planning horizon are expected to increase a modest 2 percent per year.
4. Approximately two-thirds of the General Fund's expenditures are associated with employee compensation. The base 2013 year budget for personal services is \$465,340 more than the 2012 budget due to a council approved compensation study that was conducted by Waters Consulting. Savings were also gained through the reduction of General Fund staffing in some areas, though the Town did approve the addition of 5.0 FTE, resulting in no net effect to the General Fund. Future years project a three percent increase in compensation, and staffing is scheduled to remain constant at 226.2 FTE, equal to previous year levels.
5. The 2013 budget reflects a \$711,860 increase in appropriations for maintenance projects associated with the Town's streets and technology projects. Contractual services are up \$417,460 primarily as a result of the addition of a holiday special event at the Vitruvian Park development, redesign of the Town's website, and costs associated with (ADA) facilities modifications.
6. The General Fund makes contributions to 6. The General Fund makes contributions to the Town's Capital Replacement and Information Technology Funds that essentially amortize capital equipment used by General Fund operations so that when the equipment needs to be replaced, resources have been accumulated to purchase replacement equipment. In order to minimize the disparity between revenues and expenditures, the 2013 budget increased the contributions by approximately \$174,000, or 30 percent. The reason for the large increase can be attributed to the lack of funding in the previous year. This year's contribution allows the funding levels to the internal service funds to be consistent with the original replacement schedule prior to the reduced

contribution of fiscal year 2012.

7. All operating expenditures for fiscal years 2014 through 2017 are adjusted for a 3 percent inflationary increase. If possible, when the Town experiences revenues that do not support projects, departments will accommodate for this inflationary increase in supplies or contractual services through operational efficiencies or reductions to scope of services delivered to the public.
8. For fiscal years 2014 through 2017, revenues are projected to exceed expenditures by an average \$109 thousand. The Town has prepared a long-term approach that allows organization to reduce the fund balance to a level of 30 percent of the operating expenditures. This allows the Town to maintain compliance with its fund balance policy and elevate the Town's financial burden for non-recurring and capital expenditures. As a result, fund balances gradually declines through 2014 at which point the \$8.8 million fund balance will represent 30 percent of operating expenditures. If need be, the town will increase its tax rate to maintain the 30 percent fund balance that has been set as a benchmark by the council.

### Hotel Fund Long-Term Plan

Addison's hotels cater to the business traveler and therefore are tied to the national and regional economies. Due to the national recession, hotel occupancy tax declined almost 23 percent from fiscal years 2008 through 2011. However, the tax experienced a modest recovery in both 2011 and 2012, with 2012 estimated revenues increasing 5.3 percent over 2011. The plan reflects the following assumptions:

1. Hotel occupancy tax revenue for the 2013 budget is expected to be equal to estimated 2012 numbers. For the 2014-2017 planning period, revenues from the tax are expected to increase 4.4 percent per year. The inventory of hotel rooms is assumed to remain constant at 3,953.
2. Proceeds from special events in 2012 exceeded prior year results by 13.3 percent. Event revenue is expected to continue to increase in 2013 and is projected to experience 2 percent annual increases for the planning horizon.

3. Rental of the Addison Conference Centre is expected to increase 23 percent in fiscal year 2013 due to a variety of changes set forth in our new strategic plan. Subsequent years anticipate 3 percent annual increases in rental revenue. Visit Addison center is expected to generate nearly \$230,000 in its second year of operation and increase 3 percent annually from fiscal years 2014 through 2017.
4. Operating expenditures are forecasted to increase at 2 percent to adjust for inflation.
5. The fund also reflects an average annual debt service of around \$570,000 for retirement of certificates of obligation that were sold to finance construction of the Arts and Events District.
6. The fund also includes a \$50,000 annual transfer to the General Fund to reduce the advance. This obligation will be satisfied over the next ten years, which is the estimated useful life of the HVAC system that was purchased with the advanced funds.
7. The plan reflects expenditures exceeding revenues through fiscal year 2014 with fund balance shrinking to \$990,830 or 15.1 percent of operating expenditures. By capping operating expenditures and recognizing modest increases in revenues over the planning horizon, fund balance is projected to recover and equal 25 percent of operating expenditures. Unlike other funds where expenditures are directly related to critical public services, much of the Hotel Fund's budget is associated with marketing and the production of special events which can be reduced should hotel occupancy taxes fail to recover in future years.

### Airport Fund Long-Term Plan

The goal of the Airport Fund's plan is to generate sufficient revenues to support operating expenses as well as to fund capital projects in order to minimize the issuance of debt. Also, in recent years the Airport Fund has been able to capitalize on the opportunity to continuously improve it's infrastructure with federal and state matching grants.

1. Operating revenue declined in 2012 because of reduced miscellaneous income. However, all revenues exceeded their budgeted amounts for fiscal year 2012. For fiscal years 2014

through 2017, revenue is expected to increase 3 percent per year assuming no rental or fuel fee rate increases during the planning period.

2. Operating expenses for the 2013 budget will be 1.1 percent greater than the 2012 budget, primarily due to the increase in cost of the Town's third party operator operations and maintenance agreement. Over the planning horizon, expenses are expected to increase by 3 percent per year.
3. The plan recognizes the debt service associated with the issuance of \$4.4 million in certificates of obligation in 2005 to fund the new fuel farm.
4. Sufficient net income is generated during the planning horizon to support all scheduled capital projects including those eligible for FAA/TxDOT matching funds.
5. Primarily due to funding capital projects on a pay-as-you-go basis, ending working capital (fund balance for an enterprise fund) is projected to drop to as little as \$515,430 or 14.2 percent of operating expenses in fiscal year 2014. However, working capital is expected to recover to \$850,350 in 2017.

### Utility Fund Long-Term Plan

Like the Airport Fund, the goal of the Utility Fund's plan is to generate sufficient revenues to support operating expenses as well as to fund capital projects to avoid issuance of debt until existing debt is retired in fiscal year 2013. Below are other features of the plan.

1. Operating revenues are determined by the water and sewer rates as well as the volume of water sold and sewer treated. These revenues are highly influenced by weather patterns. Hot, dry summers result in high water sales which to a certain extent also generate higher sewer revenues. Due to a reasonably precipitous season and mild summer, utility operating revenue for 2012 is estimated to be 2.2 percent less than generated in 2011. However, in order to generate the revenue needed to meet the fund's operating, capital and debt service needs for 2013, the 2012-2013 budget assumes the fund will use approximately \$1.1 million in working capital. Also, the Town did not increase water and sewer rates this current year. The Town intends to replenish its working capital over the next couple of years; the Utility

Fund will retire the majority of its debt obligations in fiscal year 2013. The long-term plan assumes that for fiscal years 2014 through 2017, water sales will grow 3 percent per year based on new residential and commercial development.

2. Operating expenses, dominated by payments to other entities for the purchase of water and the treatment of sewage, are expected to increase an average 7 percent per year for water purchases and 5 percent for sewer services. These assumptions are based on historical trends of the last five years.
3. From fiscal years 2013 through 2017, net income is expected to average \$2.2 million, which is needed to retire debt principal and fund capital projects. This will also help replenish the ending working capital balances that have been reduced in prior years.

4. Debt service is scheduled to drop significantly in 2014 due to the retirement of debt that had been issued in the 1990's, which will allow for working capital to recover from \$472,410 in 2013 to over \$5.9 million in 2017.

### Capital Project Long-Term Plan

Included in this appendix is a financial statement that summarizes the Town's capital improvement program over the five year planning horizon. The statement reports the projected timing of the projects as well as the source of funding.

Ending Fund Balance (in millions) —  
Four Major Funds Over the Long-Term Planning Horizon



# General Fund Long-Term Financial Plan

	Actual 2010-2011	Estimated 2011-2012
Beginning Balance	\$10,856,751	\$10,366,690
<b>Revenues</b>		
Ad valorem taxes	\$10,373,352	\$10,965,250
Non-property taxes	10,563,399	11,333,340
Franchise fees	2,760,188	2,677,100
Licenses and permits	1,210,058	874,290
Service fees	1,414,120	1,395,980
Fines and penalties	1,062,986	1,047,000
Interest income	25,514	10,000
Rental income	152,333	153,000
Miscellaneous	114,593	59,800
<b>Total Revenues</b>	<b>27,676,543</b>	<b>28,515,760</b>
<b>Expenditures</b>		
Personal services	18,663,815	18,372,580
Supplies	1,124,773	1,295,070
Maintenance	1,894,682	2,173,770
Contractual services	4,606,326	4,882,010
Capital replacement/lease	1,072,349	1,084,300
Capital outlay	104,655	7,000
Fund transfer out	700,000	-
<b>Total Expenditures</b>	<b>28,166,600</b>	<b>27,814,730</b>
<b>ENDING FUND BALANCE</b>	<b>\$10,366,694</b>	<b>\$11,067,720</b>
<b>ENDING BALANCE AS A % OF EXPENDITURES</b>	<b>37.7%</b>	<b>39.8%</b>
<b>Debt Issuance Variables</b>		
Beginning debt outstanding	\$50,837,380	\$47,518,770
Principal retired	3,318,610	5,889,460
Principal issued	-	34,800,000
<b>Ending Debt Outstanding</b>	<b>\$47,518,770</b>	<b>\$76,429,310</b>
<b>Tax Rate Variables</b>		
Taxable values (thousands)	\$2,985,048	\$2,993,024
General Fund rate	\$0.3479	\$0.3634
Economic Development Fund rate	\$0	\$0.0185
Debt Service Fund rate	\$0.1821	\$0.1981
<b>Total Tax Rate</b>	<b>\$0.5300</b>	<b>\$0.5800</b>
<b>Staffing Variable</b>		
Full-time equivalent (FTE) positions	229.0	226.2
Average cost per FTE	\$81,501	\$81,223

	Year 1	Year 2	Year 3	Year 4
Budget 2012-2013	Projected 2013-2014	Projected 2014-2015	Projected 2015-2016	Projected 2016-2017
\$11,067,720	\$9,150,580	\$8,786,550	\$9,053,160	\$9,304,260
\$10,451,930	\$10,768,660	\$11,759,530	\$12,116,300	\$12,532,690
11,560,010	11,906,810	12,264,010	12,631,930	13,010,890
2,724,690	2,779,180	2,834,760	2,891,460	2,949,290
724,490	738,980	753,760	768,840	784,220
1,436,010	1,464,730	1,494,020	1,523,900	1,554,380
1,047,000	1,067,940	1,089,300	1,111,090	1,133,310
5,000	5,100	5,200	5,300	5,410
137,500	140,250	143,060	145,920	148,840
47,730	98,680	100,650	102,660	104,710
28,134,360	28,970,330	30,444,290	31,297,400	32,223,740
18,925,910	19,493,690	20,078,500	20,680,860	21,301,290
1,411,490	1,407,180	1,449,400	1,492,880	1,537,670
2,844,320	2,343,990	2,414,310	2,486,740	2,561,340
5,087,960	4,865,680	5,011,650	5,162,000	5,316,860
1,223,820	1,223,820	1,223,820	1,223,820	1,223,820
54,000	-	-	-	-
504,000	-	-	-	-
30,051,500	29,334,360	30,177,680	31,046,300	31,940,980
<b>\$9,150,580</b>	<b>\$8,786,550</b>	<b>\$9,053,160</b>	<b>\$9,304,260</b>	<b>\$9,587,020</b>
<b>31.0%</b>	<b>30.0%</b>	<b>30.0%</b>	<b>30.0%</b>	<b>30.0%</b>
\$76,429,310	\$72,288,150	\$85,947,000	\$101,498,850	\$112,953,700
4,141,160	3,341,150	3,448,150	4,545,150	4,688,330
-	17,000,000	19,000,000	16,000,000	-
\$72,288,150	\$85,947,000	\$101,498,850	\$112,953,700	\$108,265,370
\$3,134,895	\$3,166,244	\$3,197,906	\$3,261,864	\$3,327,102
\$0.3368	\$0.3435	\$0.3714	\$0.3752	\$0.3805
\$0.0226	\$0.0223	\$0.0221	\$0.0217	\$0.0213
\$0.2207	\$0.2181	\$0.2449	\$0.2796	\$0.2873
\$0.5800	\$0.5840	\$0.6385	\$0.6765	\$0.6890
225.0	225.0	225.0	225.0	225.0
\$84,115	\$86,639	\$89,238	\$91,915	\$94,672

# Hotel Fund Long-Term Financial Plan

	Actual 2010-2011	Estimated 2011-2012
Beginning Balance	\$4,430,943	\$2,131,380
Revenues		
Hotel/motel occupancy taxes (HOT)	4,000,786	4,214,050
Proceeds from special events	1,426,197	1,615,970
Conference Centre rental	428,777	500,000
Other rental	152,847	245,000
Interest and other	17,770	11,500
Total Revenues	6,026,377	6,586,520
Expenditures		
Visitor Services	1,008,029	1,013,070
Visit Addison	1,978,750	571,490
Marketing	727,291	786,650
Special Events	2,405,602	2,460,780
Conference Centre	1,007,162	1,092,900
Performing Arts	529,105	562,140
Total Expenditures	670,000	670,000
Net Other Sources (Uses)	8,325,939	7,157,030
<b>ENDING FUND BALANCE</b>	<b>\$2,131,381</b>	<b>\$1,560,870</b>
<b>ENDING BALANCE AS A % OF EXPENDITURES</b>	<b>27.8%</b>	<b>24.1%</b>
Hotel Tax Occupancy Tax Variables		
Number of rooms	3,953	3,953
Average revenue per room	\$1,012	\$1,066

	Year 1	Year 2	Year 3	Year 4
Budget 2012-2013	Projected 2013-2014	Projected 2014-2015	Projected 2015-2016	Projected 2016-2017
\$1,560,870	\$1,107,280	\$990,830	\$1,001,170	\$1,148,210
4,200,000	4,383,120	4,574,220	4,773,660	4,981,790
1,700,000	1,734,000	1,768,680	1,804,050	1,840,130
603,290	633,760	655,150	679,790	707,150
300,000	309,000	318,270	327,820	337,650
8,000	8,080	8,160	8,240	8,320
6,811,290	7,067,960	7,324,480	7,593,560	7,875,040
1,008,600	992,830	1,012,440	1,032,450	1,052,850
570,690	582,100	593,740	605,610	617,720
995,860	903,500	921,480	939,830	958,550
2,522,430	2,541,460	2,591,460	2,642,480	2,694,510
1,041,840	1,039,910	1,060,370	1,081,260	1,102,550
505,460	504,610	514,650	524,890	535,340
620,000	620,000	620,000	620,000	620,000
7,264,880	7,184,410	7,314,140	7,446,520	7,581,520
<b>\$1,107,280</b>	<b>\$990,830</b>	<b>\$1,001,170</b>	<b>\$1,148,210</b>	<b>\$1,441,730</b>
<b>16.7%</b>	<b>15.1%</b>	<b>15.0%</b>	<b>16.8%</b>	<b>20.7%</b>
3,953	3,953	3,953	3,953	3,953
\$1,062	\$1,109	\$1,157	\$1,208	\$1,260

# Airport Fund Long-Term Financial Plan

	Actual 2010-2011	Estimated 2011-2012
Beginning Working Capital	\$2,124,403	\$2,012,990
Operating Revenues		
Operating grants	48,350	50,000
Fuel flowage fees	657,159	690,000
Rental	3,481,639	3,589,100
User fees	387,795	66,440
Total Operating Revenues	4,574,943	4,395,540
Operating Expenses		
Town - Personal services	264,010	325,140
Town - Supplies	19,695	62,600
Town - Maintenance	36,293	21,000
Town - Contractual services	409,652	544,670
Grant - Operations and maintenance	99,991	100,000
Operator - Operations and maintenance	1,925,660	2,021,420
Operator - Service contract	454,841	310,230
Total Operating Expenses	3,210,142	3,385,060
Net Operating Income	1,364,801	1,010,480
Non-Operating Revenues (Expenses)		
Interest earnings and other	7,558	24,900
Interest on debt, fiscal fees and other	(126,388)	(116,290)
Net Non-Operating Revenues (Expenses)	(118,830)	(91,390)
Net Income (Excluding Depreciation)	1,245,971	919,090
Sources (Uses) of Working Capital		
Retirement of long-term debt	(272,675)	(275,000)
Net additions to fixed assets with grants	(1,054,835)	(1,030,900)
Other net additions to fixed assets	(29,870)	(60,000)
Net Sources (Uses) of Working Capital	(1,357,380)	(1,365,900)
<b>ENDING WORKING CAPITAL</b>	<b>\$2,012,994</b>	<b>\$1,566,180</b>

<b>ENDING WORKING CAPITAL AS A % OF EXPENSES</b>	<b>62.7%</b>	<b>46.3%</b>
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Uses of Working Capital		
Grant Projects - Capital (Town's Share)		
South Runway Arresting System (EMAS)	7,900	10,900
Perimeter Access Controls and Monitoring System	-	-
Master Plan Update	-	-
Runway 15/33 Overlay and Enhancement	1,011,005	-
Taxiway Rehabilitation/Drainage	35,930	1,020,000
Automated Weather Ops. System Update (AWOS)	-	-
Wildlife Hazard Assessment	-	-
Taxiway Extensions - Bravo	-	-
Total	\$1,054,835	\$1,030,900
Other Projects		
Operating and maintenance equipment & vehicles	29,870	60,000
Total	\$29,870	\$60,000

	Year 1	Year 2	Year 3	Year 4
Budget 2012-2013	Projected 2013-2014	Projected 2014-2015	Projected 2015-2016	Projected 2016-2017
\$1,566,180	\$1,596,110	\$515,430	\$657,830	\$919,400
50,000	50,000	50,000	50,000	50,000
679,250	683,600	704,100	725,200	747,000
3,363,080	3,463,970	3,567,890	3,674,930	3,785,180
52,300	53,870	55,490	57,150	58,860
4,144,630	4,251,440	4,377,480	4,507,280	4,641,040
366,530	377,530	388,860	400,530	412,550
62,600	64,480	66,410	68,400	70,450
21,000	21,630	22,280	22,950	23,640
543,850	534,420	550,450	566,960	583,970
100,000	100,000	100,000	100,000	100,000
2,242,320	2,237,490	2,304,610	2,373,750	2,444,960
295,210	304,070	313,190	322,590	332,270
3,631,510	3,639,620	3,745,800	3,855,180	3,967,840
513,120	611,820	631,680	652,100	673,200
29,800	30,690	31,610	32,560	33,540
(104,990)	(93,190)	(80,890)	(68,090)	(54,790)
(75,190)	(62,500)	(49,280)	(35,530)	(21,250)
437,930	549,320	582,400	616,570	651,950
(290,000)	(300,000)	(315,000)	(325,000)	(340,000)
(98,000)	(1,300,000)	(95,000)	-	(351,000)
(20,000)	(30,000)	(30,000)	(30,000)	(30,000)
(408,000)	(1,630,000)	(440,000)	(355,000)	(721,000)
<b>\$1,596,110</b>	<b>\$515,430</b>	<b>\$657,830</b>	<b>\$919,400</b>	<b>\$850,350</b>
<b>44.0%</b>	<b>14.2%</b>	<b>17.6%</b>	<b>23.8%</b>	<b>21.4%</b>
20,000	1,200,000	-	-	-
30,000	60,000	60,000	-	-
20,000	-	-	-	-
-	-	-	-	-
-	40,000	-	-	-
15,000	-	-	-	-
13,000	-	-	-	-
-	-	35,000	-	351,000
\$98,000	\$1,300,000	\$95,000	\$-	\$351,000
20,000	30,000	30,000	30,000	30,000
\$20,000	\$30,000	\$30,000	\$30,000	\$30,000

# Utility Fund Long-Term Financial Plan

	Actual 2010-2011	Estimated 2011-2012
Beginning Working Capital	\$5,851,222	\$2,734,120
Operating Revenues		
Water sales	6,140,865	5,877,300
Sewer charges	4,496,894	4,542,900
Tap fees	17,845	8,200
Penalties	71,834	71,250
Other incoe	13,130	8,500
Total Operating Revenues	10,740,568	10,508,150
Operating Expenses		
Water purchases	2,520,302	2,895,500
Wastewater treatment	1,889,041	2,014,690
Utility operations	2,470,905	2,621,230
Total Operating Expenses	6,880,248	7,531,420
Net Operating Income	3,860,320	2,976,730
Non-Operating Revenues (Expenses)		
Interest earnings and other	(53,775)	13,000
Interest on debt, fiscal fees and other	(600,044)	(459,830)
Net Non-Operating Revenues (Expenses)	(653,819)	(446,830)
Net Income (Excluding Depreciation)	3,206,501	2,529,900
Sources (Uses) of Working Capital		
Net retirement of long-term debt	(2,699,412)	(2,754,800)
Debt issuance	-	1,816,420
Net additions to fixed assets	(3,709,338)	(2,787,890)
Net increase (decrease) to other assets	85,147	-
Net Sources (Uses) of Working Capital	(6,323,603)	(3,726,270)
<b>ENDING WORKING CAPITAL</b>	<b>\$2,734,120</b>	<b>\$1,537,750</b>
<b>ENDING WORKING CAPITAL AS A % OF EXPENSES</b>	<b>39.7%</b>	<b>20.4%</b>
Uses of Working Capital		
Equipment		
Motor vehicles	125,728	50,000
Capital Projects		
Vitruvian area utilities rehabilitation	243,016	-
Spring Valley water main	221,296	-
Surveyor elevated storage tank	3,119,298	2,737,890
Dallas Parkway water main	-	-
Various sewer rehabilitation projects	-	-
Various utilities rehabilitation projects	-	-
Total	\$3,709,338	\$2,787,890

	Year 1	Year 2	Year 3	Year 4
Budget 2012-2013	Projected 2013-2014	Projected 2014-2015	Projected 2015-2016	Projected 2016-2017
\$1,537,750	\$472,410	\$1,806,510	\$2,402,090	\$4,164,190
5,968,820	6,147,880	6,332,320	6,522,290	6,717,960
4,679,200	4,819,580	4,964,170	5,113,100	5,266,490
10,000	10,700	11,450	12,250	13,110
73,500	77,180	81,040	85,090	89,340
8,500	8,760	9,020	9,290	9,570
10,740,020	11,064,100	11,398,000	11,742,020	12,096,470
2,955,200	3,162,100	3,383,400	3,620,200	3,873,600
2,279,460	2,393,400	2,513,100	2,638,800	2,770,700
2,721,410	2,787,600	2,871,230	2,957,370	3,046,090
7,956,070	8,343,100	8,767,730	9,216,370	9,690,390
2,783,950	2,721,000	2,630,270	2,525,650	2,406,080
(58,000)	(63,800)	(70,200)	(77,200)	(84,900)
(395,970)	(338,250)	(327,640)	(316,500)	(303,390)
(453,970)	(402,050)	(397,840)	(393,700)	(388,290)
2,329,980	2,318,950	2,232,430	2,131,950	2,017,790
(2,878,840)	(258,850)	(271,850)	(284,850)	(296,670)
-	-	-	-	-
(516,480)	(726,000)	(1,365,000)	(85,000)	-
-	-	-	-	-
(3,395,320)	(984,850)	(1,636,850)	(369,850)	(296,670)
<b>\$472,410</b>	<b>\$1,806,510</b>	<b>\$2,402,090</b>	<b>\$4,164,190</b>	<b>\$5,885,310</b>
<b>5.9%</b>	<b>21.7%</b>	<b>27.4%</b>	<b>45.2%</b>	<b>60.7%</b>
-	132,000	85,000	85,000	-
-	-	-	-	-
-	-	-	-	-
81,480	-	-	-	-
135,000	-	-	-	-
100,000	144,000	175,000	-	-
200,000	450,000	1,105,000	-	-
\$516,480	\$726,000	\$1,365,000	\$85,000	\$0

# Appendix F

## Capital Projects Summary

	Actual 2010-2011
<b>Advanced Funding Grant Fund</b>	
George H.W. Bush Elementary School Landscaping	\$241,320
Spring Valley Road/Vitruvian Way Intersection Improvements	1,312,958
<b>Reimbursement Grant Fund</b>	
Redding Trail Extension	178,852
Vitruvian Park Public Infrastructure	2,548,456
Spring Valley Road/Vitruvian Way Intersection Improvements	929,768
<b>American Recovery &amp; Reinvestment Act Grant Fund</b>	
Surveyor Elevated Storage Tank	66,126
<b>Street Capital Project Fund</b>	
Belt Line Road Streetscape	-
Street and Lighting Improvement Projects	-
Ashton Woods Development Streets	-
Railroad Improvements/Quiet Zones	-
Keller Springs Road/Addison Road Intersection	-
<b>Parks Capital Project Fund</b>	
Redding Trail Extension	233,958
George H.W. Bush Elementary School Landscaping	19,161
<b>2002 Capital Project Fund*</b>	
Belt Line Road Streetscape	685,168
<b>2004 Capital Project Fund*</b>	
Belt Line Road Streetscape	-
<b>2006 Capital Project Fund*</b>	
Redding Trail Extension	159,169
George H.W. Bush Elementary School Landscaping	45,182
Undesignated Residential Lighting Projects	-
Various Streets Improvements	-
<b>2008 Capital Project Fund</b>	
Vitruvian Park Public Infrastructure	8,870,076
Spring Valley Road/Vitruvian Way Intersection Improvements	927,629
Redding Trail Extension	-
George H.W. Bush Elementary School Landscaping	-
Sojourn Rehabilitation	-
Various Land Acquisition	-
<b>Future Capital Project Funds*</b>	
Belt Line Road Streetscape and Interchange	-
Vitruvian Park Public Infrastructure	-
Acquisition of Land/Streets	-
Park and Pedestrian Connectivity	-
<b>Airport Fund</b>	
South Runway Arresting System (EMAS)	7,900
Perimeter Access Controls & Monitoring System (Local Share)	-
Runway 15/33 Overlay and Enhancement (Local Share)	1,011,005
Taxiway Rehabilitation (Local Share)	35,930
Automated Weather Ops. System Update (AWOS)	-
Taxiway Extensions - Bravo (Local Share)	-
<b>Utility Fund</b>	
Vitruvian Park Area Utilities Rehabilitation	243,016
Spring Valley Water Main	221,296
Surveyor Elevated Storage Tank	3,119,298
Dallas Parkway Water Main	-
Various Sewer Rehabilitation Projects	-
Various Utilities Rehabilitation Projects	-
<b>TOTAL CAPITAL PROJECTS</b>	<b>\$20,856,268</b>

Note: Detailed information regarding each project can be found in the Town Chronicle section of this document.  
 \*Asterisked capital project funds are related to the \$48,025,000 bond package approved by voters in 2000.

Estimated 2011-2012	Budgeted 2012-2013	Projected 2013-2014	Projected 2014-2015	Projected 2015-2016	Projected 2016-2017
\$0	\$0	\$0	\$0	\$0	\$0
-	-	-	-	-	-
5,590	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
472,400	-	-	-	-	-
125,750	-	-	-	-	-
-	265,360	-	-	-	-
-	517,000	-	-	-	-
-	300,000	-	-	-	-
-	211,990	-	-	-	-
49,840	-	-	-	-	-
36,670	-	-	-	-	-
849,880	-	-	-	-	-
440,300	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	180,000	-	-	-	-
-	174,640	-	-	-	-
1,737,240	-	-	-	-	-
51,730	-	-	-	-	-
160,950	-	-	-	-	-
75,350	-	-	-	-	-
-	425,000	-	-	-	-
-	1,300,000	1,295,690	-	-	-
-	8,000,000	3,330,000	-	-	-
-	5,000,000	5,000,000	-	-	-
-	3,000,000	-	-	-	-
-	875,000	2,625,000	-	-	-
10,900	20,000	1,200,000	-	-	-
-	30,000	60,000	60,000	-	-
-	-	-	-	-	-
1,020,000	-	40,000	-	-	-
-	15,000	-	-	-	-
-	-	-	35,000	-	351,000
-	-	-	-	-	-
-	-	-	-	-	-
2,737,890	81,480	-	-	-	-
-	135,000	-	-	-	-
-	100,000	144,000	175,000	-	-
-	200,000	450,000	1,105,000	-	-
<b>\$7,774,490</b>	<b>\$20,830,470</b>	<b>\$14,144,690</b>	<b>\$1,375,000</b>	<b>\$0</b>	<b>\$351,000</b>



SAVOYE



**“INDIVIDUAL COMMITMENT  
TO A GROUP EFFORT —  
THAT IS WHAT MAKES  
A TEAM WORK,  
A COMPANY WORK,  
A SOCIETY WORK,  
A CIVILIZATION WORK.”**

**— VINCE LOMBARDI**

# Appendix G

## Glossary of Terms

### A

**Accounts Payable** – A liability account reflecting the amount of open accounts owed to private persons or organizations for goods and services received by a government (but not including amounts due to other funds of the same government or to other governments).

**Accounts Receivable** – An asset account reflecting amounts owed from private persons or organizations for goods or services furnished by a government.

**Accrual Accounting** – Recognition of the financial effects of transactions, events and circumstances in the period(s) when they occur regardless of when the cash is received or paid.

**Ad Valorem** – Latin for “value of.” Refers to the tax assessed against real (land and building) and personal (equipment and furniture) property.

**Amortization** – Payment of principal plus interest over a fixed period of time.

**Appropriation** – A legal authorization granted by a legislative body (City Council) to make expenditures and incur obligation for designated purposes.

**Arbitrage** – The interest earnings derived from invested bond proceeds or debt service fund balances.

**ARRA** – Acronym for American Recovery and Reinvestment Act. Passed in 2009 by the Federal government, the Recovery Act seeks to create new jobs, spur economic activity, and encourage accountability and transparency in government spending.

**Assessed Valuation** – A valuation set upon real estate or other property by a government as a basis for levying taxes.

### B

**Balance Sheet** – The basic financial statement, which discloses the assets, liabilities and equities of an entity at a specific date in conformity with Generally Accepted Accounting Principles (GAAP).

**Balanced Budget** – Annual financial plan in which expenses do not exceed revenues.

**Bond** – A written promise to pay a specified sum of money, called the face value or principal amount, at a specified date or dates in the future, called the maturity date(s).

**Budget** – A plan of financial operation embodying an estimate of proposed expenditures for any given period and the proposed means of financing them.

### C

**Capital Outlays** – Expenditures which result in the acquisition of or addition to fixed assets which are individually priced at more than \$5,000.

**Capital Replacement/Lease** – A cost category which typically reflects costs associated with the acquisition of capital equipment. Category also includes department contributions to the Capital Replacement and Information Technology Replacement Funds.

**Certificate of Obligations (COs)** – Similar to general obligation bonds except the certificates require no voter approval.

**Contractual Services** – The costs related to services performed for the Town by individuals, businesses, or utilities.

**Cost** – The amount of money or other consideration exchanged for property or services. Costs may be incurred even before the money is paid; that is, as soon as liability is incurred. Ultimately, however, money or other consideration must be given in exchange.

**Current Assets** – Those assets which are available or can be made readily available to finance current operations or to pay current liabilities. Those assets which will be used up or converted into cash within one year. Some examples are cash, temporary investments, and tax receivables which will be collected within one year.



**Current Liabilities** – Debt or other legal obligations arising out of transactions in the past which must be liquidated, renewed, or refunded within one year.

## D

**DART** – Acronym for Dallas Area Rapid Transit, a mass transit authority serving the Dallas Metroplex which is funded through a 1 percent sales tax levied in participating cities.

**Delinquent Taxes** – Taxes remaining unpaid on or after the date on which a penalty for nonpayment is attached.

**Depreciation** – Change in the value of assets (equipment, buildings, etc. with a useful life of five years or more) due to use of the assets.

**DISD** – Acronym for Dallas Independent School District, which serves most of Addison.

## E

**Encumbrances** – Commitments related to unperformed contracts for goods and services used in budgeting. Encumbrances are not expenditures or liabilities, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed.

**Exempt** – Personnel not eligible to receive overtime pay and who are expected to put in whatever hours are necessary to complete their job assignments. Compensatory time-off, as partial compensation for overtime hours worked, may be allowed by the respective department head.

**Expenditures** – Decreases in net financial resources. Expenditures include current operating expenses which require the current or future use of net current assets, debt service, and capital outlays.

## F

**FAA** – Acronym for Federal Aviation Administration, an operating mode of the United States Department of Transportation which regulates aerospace.

**Fixed Assets** – Assets of a long-term character, which are intended to continue to be held or used, such as land, buildings, improvements other than buildings, machinery and equipment.

**Franchise** – A special privilege granted by a government permitting the continuing use of public property, such as city streets, and usually involving the elements of monopoly and regulation.

**FTE** – Acronym for full-time equivalent, a measurement of staffing. One FTE is a 40 hours per week position. A part-time position working 20 hours per week or a temporary full-time position working six months would be a 0.5 FTE.

**Fund** – A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities of balances, and charges therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

**Fund Balance** – The difference between governmental fund assets and liabilities, also referred to as fund equity.

**FY** – Acronym for fiscal year, a 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position and the results of its operations. The Town of Addison's fiscal year begins October 1st and ends the following September 30th. The term FY2011 denotes the fiscal year beginning October 1, 2011 and ending September 30, 2012.

## G

**GAAP** – Acronym for Generally Accepted Accounting Principles, which are a collection of rules and procedures that set the basis for the fair presentation of financial statements. The accounting and reporting policies of the Town conform to the GAAP applicable to state and local governments.

**GASB** – Acronym for Government Accounting Standards Board, an independent, non-profit agency responsible for the promulgation of accounting and financial reporting procedures for governmental entities.

**General Obligation Bonds** – Bonds for the payment of which the full faith and credit of the issuing government is pledged. In issuing its general obligation bonds, the Town of Addison pledges to levy whatever property tax is needed to repay the bonds for a particular year. Bonds cannot be

issued without voter approval and are usually issued with maturities of between 15 and 30 years.

**GIS** – Acronym for geographic information system which is any system, that captures, stores, analyzes, manages, and presents data that are linked to location.

**Governmental Funds** – Those funds through which most governmental functions typically are financed. The acquisition, use, and financial resources and the related current liabilities are accounted for through governmental funds (General, Special Revenue, Capital Projects, and Debt Service Funds).

## M

**Maintenance** – The upkeep of physical properties in condition for use of occupancy. Examples are the inspection of equipment to detect defects and the making of repairs.

**Modified Accrual Accounting** – Accounting system in which revenues are recognized and recorded in the accounts when they are measurable, available and collectible in the fiscal year.

**Modified Level of Service** – A modified level of service represents an increase or decrease in a department's scope of service or funding levels. A modified level of service may be a request for additional funding submitted by a department during the budget process for new or expanding programs or services, or it may be the elimination of a position in a department. Modified levels of service are highlighted in the department narratives in alternate color text.

## N

**NCTCOG** – Acronym for the North Central Texas Council of Governments, which is a voluntary association of, by, and for local governments, established to assist local governments in planning for common needs, cooperating for mutual benefit, and coordinating for sound regional development.

**Non-Exempt** – Personnel eligible to receive overtime pay when overtime work has been authorized or requested by the supervisor.

**NTTA** – Acronym for the North Texas Tollway Authority, which manages the

Dallas North Tollway and the Addison Airport Toll Tunnel which both run through Addison.

## O

**Operating Expenditure** – Expenditure on an existing item of property or equipment that is not a capital expenditure.

**Ordinance** – A formal legislative enactment by the governing body of a municipality. If it is not in conflict with any higher form of law, such as a state statute or constitutional provision, it has the full force and effect of law within the boundaries of the municipality to which it applies. The difference between an ordinance and a resolution is that the latter requires less legal formality and has a lower legal status. Revenue raising measures, such as the imposition of taxes, special assessments and service charges, usually require ordinances.

## P

**PVC** – Acronym for polyvinyl chloride, a plastic compound used for water and sewer pipes.

**Personal Services** – The costs associated with compensating employees for their labor.

**P-Card** – Acronym for procurement card, a Town-issued credit card which allows employees to make small purchases in a cost effective manner.

**Proprietary Fund** – Operation that operates like a private commercial operation, in which services are financed through user charges and expenditures include the full cost of operations.

**Purchase Order (PO)** – A document which authorizes the delivery of specified merchandise or the rendering of certain services and the making of a charge for them.

## R

**Revenues** – Increases in net financial resources. Revenues include the receipt of assets for goods sold or services provided in the current reporting period, intergovernmental grants, and interest income.

## S

**Sliplining** – The process of restoring deteriorated sewer (wastewater) lines. The process involves inserting a "sock" of

special material through the length of line, which, when filled with hot water, cures to produce a hard, seamless pipe.

**Special Assessment** – A compulsory levy made against certain properties to defray part or all of the cost of a specific improvement or service deemed to primarily benefit those properties.

**Special Revenue Fund** – A fund used to account for the proceeds of specific revenue sources that are legally restricted or formally committed to expenditures for specified purposes.

**Streetscape** – The amenities of a street including landscaping, lighting, hardscape elements such as plazas, fountains, pedestrian walkways/trails/crosswalks, decorative paving and enhanced signage found within or near the street.

**Supplies** – A cost category for minor items (individually priced at less than \$5,000) required by departments to conduct their operations.

**Sustainability** – Practices that meet the needs of the present without compromising the ability of future generations to meet their needs.

## T

**Taxes** – Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessment.

**TCEQ** – Acronym for Texas Commission on Environmental Quality, a state agency responsible for enforcing federal and state environmental laws.

**TxDOT** – Acronym for Texas Department of Transportation, a state agency responsible for administering Addison Airport's FAA capital grants.

## W

**Working Capital** – The amount of current assets which exceeds current liabilities.





**“AN INVESTMENT IN  
KNOWLEDGE PAYS  
THE BEST INTEREST.”**

**— BENJAMIN FRANKLIN**



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Town of Addison  
Texas**

For the Fiscal Year Beginning

**October 1, 2011**

*Linda C. Davison Jeffrey R. Egan*

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to the Town of Addison, Texas, for its annual budget for the fiscal year beginning October 1, 2011. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements and we are submitting it to GFOA to determine its eligibility for another award.

The Town was also awarded a Certificate of Achievement for Excellence in Financial Reporting by GFOA for its comprehensive annual financial report (CAFR) for the fiscal year ending September 30, 2011. The certificate is the highest form of recognition for excellence in state and local government financial reporting.

Together, the award and the certificate are evidence of the Finance department's dedication to producing documents which effectively communicate the Town's financial condition to elected officials, city administrators and the general public.

# Town Staff

Mayor's Office	Todd Meier, Mayor	(972) 450-7026
	City Council	(972) 450-7027
City Manager's Office	Ron Whitehead, City Manager	(972) 450-7027
City Manager's Office	Lea Dunn, Deputy City Manger	(972) 450-7037
City Manager's Office	Chris Terry, Assistant City Manager	(972) 450-7010
Economic Development	Orlando Campos, Director	(972) 450-7034
Financial / Strategic Services	Eric Cannon, Chief Financial Officer	(972) 450-7050
General Services	Mark Acevedo, Director	(972) 450-2848
Human Resources	Passion Hayes, Director	(972) 450-2819
Information Technology	Hamid Khaleghipour, Director	(972) 450-2868
Police	Ron Davis, Chief	(972) 450-7168
Fire	John O'Neal, Chief	(972) 450-7203
Development Services	Carmen Moran, Director	(972) 450-2886
Public Works	Lea Dunn, Deputy City Manger	(972) 450-7037
Parks / Recreation	Slade Strickland, Director	(972) 450-2869
Communications & Marketing	Carrie Rice, Director	(972) 450-7032
Special Events	Barbara Kovacevich, Director	(972) 450-6221
Visitor Services	Bob Phillips, Director	(972) 450-6202

# Consultants

Auditors	Weaver & Tidwell LLP – Jerry Gaither	(972) 490-1970
Bond Counsel	Bracewell and Giuliani – Ben Brooks	(214) 220-7700
City Attorney	Cowles & Thompson – John Hill	(214) 672-2170
Financial Advisors	First Southwest, Co. – David Medanich	(817) 332-9710
Risk Management	RWL & Associates – Bob Lazarus	(972) 907-9095



*Addison!*

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