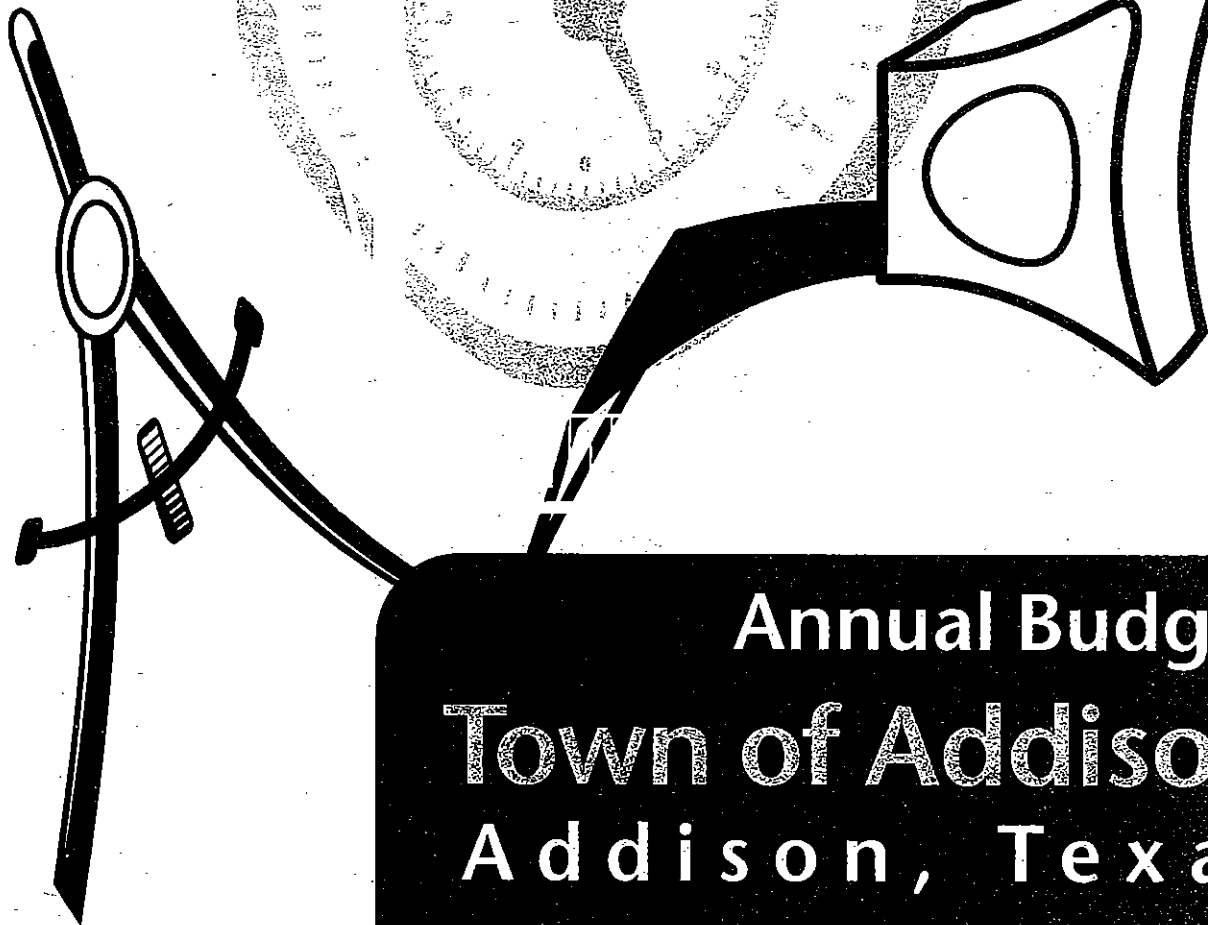# Measuring Achievement!

Annual Budget
Town of Addison
Addison, Texas

HOW TO READ THIS DOCUMENT

WELCOME!

You are holding the published Town of Addison budget for the fiscal year beginning October 1, 1998, and ending September 30, 1999. 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 1998-99 budget document has been designed to serve other functions as well. For example, it is a **policy document** which presents the major policies which guide how the Town is managed. It is an **operations guide** which gives the public, elected officials, and city staff information pertaining to the production and performance of individual city operations. The document is also designed as a **communications device**. Information is conveyed verbally and graphically in a way which should be easily understood even by persons not familiar with the Town.

This particular section of the document explains the budget format and will help you locate information which may be of particular interest to you.

BUDGET FORMAT

The document is divided into four major sections: *Introductory, Financial/Operational, Town Chronicle, and Appendices*. The *Introductory* section contains the City Manager's letter which is addressed to the Town Council and explains the major policies and issues which affected development of the 1999 fiscal year Town budget. The section also contains a statement of the Town's goals, a synopsis of the Addison 2020 Vision Project, the press release which accompanied the ordinance adopting the budget, the Town's organization and staffing charts, and the summary of all financial statements.

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 1998-99 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. 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 1999 fiscal year. Selected service levels for each department are presented graphically. The funding for each department, as well as the unit's staffing, are summarized again 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 which distinguishes every sector.

Finally, various *Appendices* are presented towards the back of the document which more fully describe the budget process, the Town's revenue sources, the long-term financial plans for the General and Hotel funds, and a capital project summary. Also included are explanations of the basis of accounting and budgeting, a glossary of terms, the Town's compensation and merit pay plans, and departmental organization charts.

Should you have any questions regarding the information presented in this document, please feel free to contact the Finance Director or any other staff members; their names and phone numbers are presented on the back cover. The cover of this document is an abstract depiction of various methods of measurement to illustrate the budget theme of measuring achievement.

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Town of Addison

INTRODUCTION

Addison!®

CITY MANAGER'S DEPARTMENT   **972/450-7000**

Post Office Box 9010, Addison, Texas 75001-9010   5300 Belt Line Road

Honorable Mayor and City Council
Town of Addison
Addison, Texas 75001

Dear Mayor and Councilmembers:

I respectfully present the published Town of Addison 1998-99 budget as approved by Council September 8, 1998. This document is a product of a very successful budget process conducted this past summer. Once again, City Council and staff worked together to focus our attention and resources on achieving the Town's mission, goals and objectives, as well as the themes articulated in the Vision 2020 project[1]. Achievement is what Addison is all about. From our high quality residential and commercial development to the exceptional standard of service our employees provide the community, we are focused on individual and collective achievements. A major initiative for this budget year is to measure the production and performance of our municipal functions. The Finance department will be coordinating this effort by working with departments to identify performance measurements which best reflect the success in those departments satisfying their mission to the organization and the community. Once those measurements have been identified, we will develop a comprehensive data base to track performance over time and to benchmark with other local governments. The objective of this endeavor is to distinguish the characteristics of premium service in all functional areas so that we may strive to enhance our community and improve the service we provide our citizens. I'd like to now touch upon what I feel are true measures of our achievements.

- **A Measure of Achievement - Addison Circle[2]:** Phase II of this project is under construction. This high quality, high-density residential development mixed with retail and commercial has proven to be very popular. The high occupancy rates of the Phase I apartments have encouraged the developer, Post Properties, to quickly complete Phase II and plan for Phase III development far earlier than originally anticipated. Development of Addison Circle, as well as all of Planning Sector 5, provides us with special challenges not least of which is the street infrastructure needed to support the additional traffic to be generated by new office and residential buildings. However, with completion of the transportation projects discussed below, I am confident we will be able to accommodate the additional development while maintaining Addison's high quality of urban life.

- **A Measure of Achievement - Urban Transportation:** Vehicular traffic is a challenge for any urban community, but Texas cities are particularly dependent upon the automobile for transportation. Because recent commercial and office development in Addison has placed our arterial streets at capacity, a major focus of our capital project plan is the effective transportation of people who live, work, and shop in Addison. Completion of the Keller Springs Toll tunnel, Arapaho Road Phase I projects, and the planned construction of South Quorum Access and Addison Road widening projects will significantly improve traffic flow in and around Addison. Vehicular traffic problems can also be mitigated by effective use of mass transit. Completion of the new DART Transit Center near Addison Circle combined with the Town's attention to providing shaded, landscaped sidewalks in the area should provide incentive for more office workers to take the bus to work.

- **A Measure of Achievement - Arts & Entertainment District[3]:** The 1999 fiscal year should witness completion of our land acquisition to the south of the Addison Conference and Theatre Centre (ACTC). Once properly landscaped, this sixteen acre site will complement the ACTC by providing a permanent site to host a variety of special events. The site will also be a large green space which has proven to be essential to protecting the value and integrity of urban development. The hallmark of the district will be the Addison Circle Art Piece which should be completed in early 2000. The art piece is expected to attract regional attention to the district and surrounding development.

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[1] The Town's goals and a summary of the Vision 2020 project can be found in this Introductory section following the transmittal letter.

[2] Addison Circle is described in more detail in Sector 5 of the Town Chronicle section.

[3] More information relating to the district can be found in the Hotel fund narrative as well as Sector 5 of the Town Chronicle section.

Letter to Mayor and Council

⌛ **A Measure of Achievement - Addison Airport[4]:** The twenty-four year operating agreement with AATI will conclude December 30, 2000. The Airport 2001 Committee appointed by Council was successful this past year in crafting a plan for transitioning to a new operating relationship which will allow the airport to enhance its reputation as the premier general aviation facility in the region.

⌛ **Measure of Achievement - Y2K:** The Year 2000 bug (also known as the millennium bug or abbreviated as Y2K) may cause serious disruption to all segments of society. A measure of achievement for any organization is how well it responds to unexpected occurrences whether they are natural disasters or consequences of our technology. The Town of Addison is making every effort to minimize any inconveniences or problems associated with Y2K. Every operating department has been given the objective of developing contingency plans to either avoid entirely the problems associated with Y2K, or work around any possible problems to maintain service to our citizens.

⌛ **A Measure of Achievement - Technology Infrastructure[5]:** The creation of the Information Services department in last year's budget has been a tremendous success. We now have in place a computer network which has greatly increased office productivity and performance. The completion of the new public safety data processing and communications system this budget year is also expected to yield enhanced service to the community.

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[4] The Airport 2001 process is described in more detail in the Airport Fund narrative.

[5] The Town's efforts with Y2K and other technology initiatives can be located in the Information Services fund narrative, Page 70.

EXPENDITURES FUNDED WITH PROPERTY TAX REVENUE
(GENERAL AND G.O. DEBT SERVICE FUNDS)

With Comparison to Total Constant Dollars
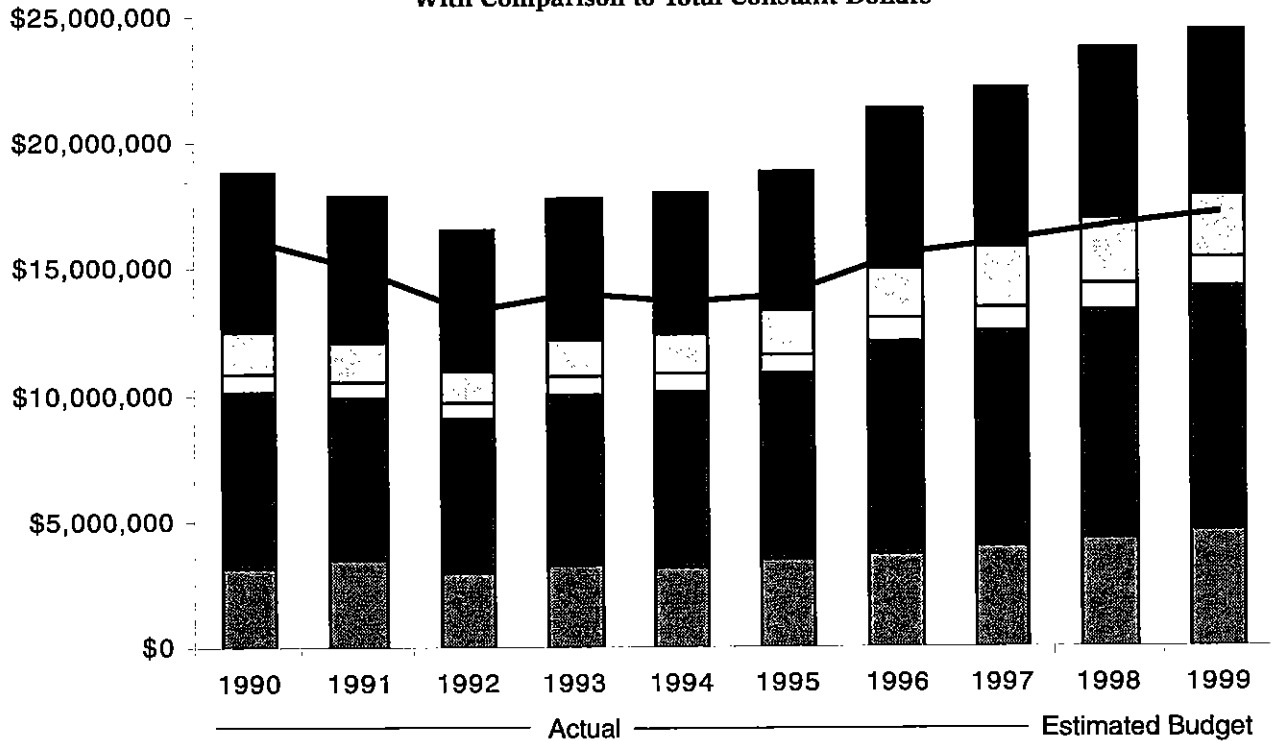
■ General Government
■ Public Safety
☐ Streets
☐ Parks &Recreation
■ Debt Service
— Constant Dollars Based Upon Dallas-Ft. Worth Consumer Price Index

The majority of costs funded with property taxes are for Public Safety and Debt Service. Constant dollars (adjusted for inflation) reflect total costs comparable to those in 1990. The Town strives to enhance the quality and scope of services while keeping costs at a minimum.

⌛ **A Measure of Achievement - High Quality of Service:** We have had some significant turnover in our management team the past few months. However, our recent hires have proven to be the types of individuals who provide the high level of service which has become a hallmark of Addison. In recognition of the fact that our employees are the Town's greatest resource, I am very pleased that Council approved funding of a merit pay plan which will average 6% of employee salaries.

THE BUDGET IN BRIEF[6]

The 1998-99 budget was developed in context with the financial policies adopted by Council and which can be found in the appendix section of this document. Revenues for all appropriable funds total $45,139,130 in the FY1999 budget[7]. Because of continued growth in our tax base, property tax revenues have increased almost five percent even with a reduction in the property tax rate from 44.75¢ to 40.00¢. Our customer growth has also generated sufficient revenues to allow a 5% *reduction* in water and sewer rates this new budget year.

The budget appropriates $56,941,070 for all expenditures. Of this amount, over 43% is dedicated to funding debt service and capital project expenditures. The $11,801,940 excess of expenditures over revenues will be supported through planned reductions in fund balance, primarily in those funds with capital projects (Airport special revenue fund, Streets and Parks capital project funds, and Information Services proprietary fund). Our commitment to keep operating expenses as low as possible, while maintaining existing levels of service, is reflected in our total staffing which increased only .4 FTE (full-time equivalent[8]) to 240.5 FTE.

While the budget has grown the past few years to accommodate growth, I believe Addison has been particularly adept in keeping costs down while continuing to provide the high degree of services that our residents and businesses have come to expect. This point is illustrated by the accompanying graph which shows total expenditures funded in part by property taxes, when discounted for inflation, are only 2.7% greater than in 1990.

I want to again thank you for your leadership in helping us prepare this budget. The direction and support you provide is an important ingredient to our success and is very much appreciated by Town staff. I look forward to working with you over the coming year to continue our journey to achievement.

Respectfully submitted,

Ron Whitehead
City Manager
RW:RCM:rm

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[6] A more complete summary of the budget can be found in the press release following this letter.

[7] For information relating to Addison's major sources of revenue, please refer to Appendix C.

[8] Please refer to the Glossary of Terms in Appendix F for a more complete definition of FTE.

Press Release

The following is a reproduction of the press release which accompanied the presentation of the budget at the September 8, 1998, Council meeting at which time the budget was adopted.

1. Budget appropriates $56,941,070, a decline of $2,718,780 or 4.5% less than the previous year's budget; much of the decline is attributed to a smaller scope of capital projects than envisioned in the FY98 budget.

2. Revenues total $45,139,130, a decline of $13,309,930 or 23% less than the 1997-98 budget. The decrease is primarily due to the fact that the 1999 fiscal year budget does not envision any sale of bonds whereas last fiscal year's budget included an $11 million bond sale. Also, there are fewer capital projects in the proposed budget funded with intergovernmental grant monies. Other significant changes to selected revenues are shown below:

⌛ Property taxes, up $457,600 or 4.8%

⌛ Non-property taxes (sales, alcoholic beverage, and hotel occupancy) up $765,000 or 5.5%

3. Reduction of property tax rate from 44.75¢ per $100 appraised value to 40.00¢. Of the total rate, 37.2% is directed for maintenance and operation and 62.8% for debt service. The reduction in the total rate is due to the increase in appraised property values (see below). With the new tax rate, the property taxes paid by the average homeowner in Addison will decline from $608.55 to $580.90, or 4.75%.

4. Appraised values for 1998 total $2,500,958,613, an increase of 18.1% over adjusted 1997 values; Addison's percentage increase is the highest of all Dallas County communities; 1998 values include new construction of over $126 million.

5. Budget includes a five percent reduction in water and sewer rates. The decline in rates was made possible by the larger than anticipated growth in the Town's customer base.

6. Total staffing (all funds) is at 240.5 FTE (full-time equivalent) with no additional positions.

MUNICIPAL TAX RATE COMPARISON WITHIN
DALLAS COUNTY & PLANO

80¢ —

Duncanville-71.80¢
Grand Prairie-67.99¢
Dallas-64.91¢
Arlington-63.80¢
Garland-63.36¢
Coppell-64.86¢
Cedar Hill-64.24¢
Desoto-61.14¢
Carrollton-60.43¢
Mesquite-58.15¢
Seagoville-53.78¢
Irving-49.30¢
Plano-46.85¢
Richardson-44.39¢
Farmers Branch-44.00¢
Addison-40.00¢
Highland Park-26.93¢

20¢ —
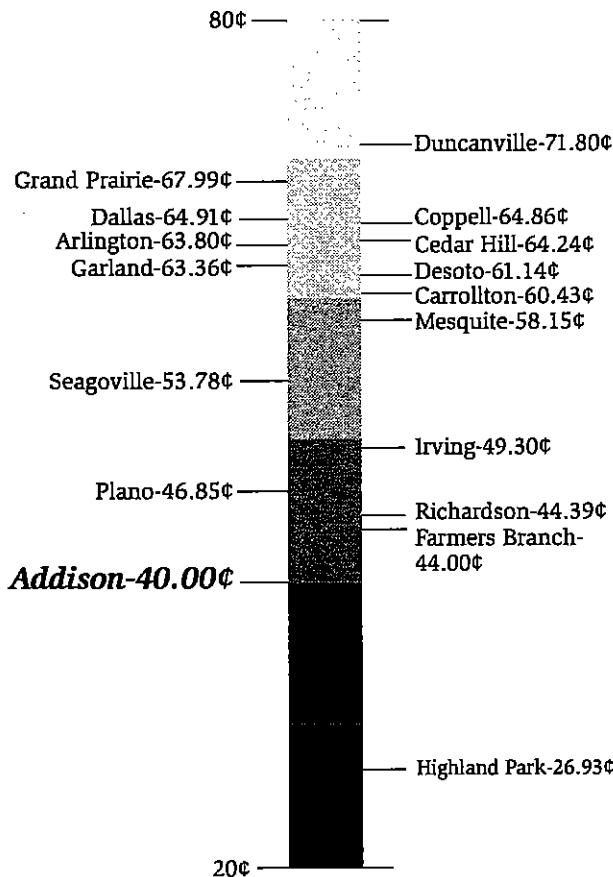
COMPARATIVE TAX LEVIES FOR
AN AVERAGE ADDISON SINGLE-FAMILY RESIDENCE

	1997	1998
DALLAS COUNTY		
Market Value	$170,000	$182,000
Homestead Exemptions	20%	20%
Taxable Value	136,000	145,600
Tax Rate/$100	0.44510	0.4331
Tax Levy	$605.34	$630.59
DALLAS ISD		
Market Value	$170,000	$182,000
Homestead Exemptions	15,000 + 10%	15,000 + 10%
Taxable Value	138,000	148,800
Tax Rate/$100	1.46053	1.46053
Tax Levy	$2,015.53	$2,173.26
TOWN OF ADDISON		
Market Value	$170,000	$182,000
Homestead Exemptions	20%	20%
Taxable Value	136,000	145,600
Tax Rate/$100	0.4475	0.4000
Tax Levy	$608.60	$582.40
TOTAL TAX LEVY	$3,229.47	$3,386.25

7. The budget proposes a merit pay increase for employees averaging 6% of salaries.

8. The budget anticipates over $15.9 million being spent on capital projects which include:

- Completion of Phase IIa of Addison Circle infrastructure — $ 1,015,000
- Quorum Rotary Park (Town's share) — $ 1,732,000
- Addison Circle Median Park — $ 610,000
- Arapaho Extension Phase I — $ 6,700,000
- South Quorum Access — $ 3,600,000
- Phase III of Les Lacs Linear Park — $ 936,000
- Various water and sewer projects — $ 740,400

(Note: project amounts reflect budget for the project which may transcend one fiscal year.)

9. The budget also continues with installation of a state-of-the-art public safety IS system ($2.7 million).

PROPERTY TAX CALCULATION AND DISTRIBUTION
1998 Certified Tax Roll & Levy

Assessed Valuation (100%)	$ 2,500,958,613
Rate Per $100	0.4000
Total tax levy	10,0003,830
Percent of Current Collection	98.65%
Estimated Current Tax Collections	$ 9,868,800

Summary of Tax Collections

Current Tax	$ 9,868,800
Delinquent Tax	20,000
Penalty and Interest	20,000
Total 1998-99 Tax Collections	$ 9,908,800

Proposed Distribution

	Tax Rate	Percent of Total	Amount
General Fund:			
Current Tax			$3,671,190
Delinquent Tax			7,440
Penalty and Interest			7,440
Total General Fund	$0.1488	37.20%	3,686,070
Debt Service Fund:			
Current Tax			6,197,610
Delinquent Tax			12,560
Penalty and Interest			12,560
Total Debt Service Fund	0.2512	62.80%	6,222,730
Total Distribution	$0.4000	100.00%	$9,908,800

Our Mission

**Working together
to provide and protect
an enhanced quality of life
for our community
and each other
through a balance of
personalized service,
uncompromising
commitment and
individualized
accountability.**

The Town of Addison Employees

Addison Citizens

Mayor & City Council

| Addison Airport Board | Planning & Zoning Board | City Secretary | City Attorney | City Judges | Other Boards & Commissions |

City Manager

General Government
- Economic Development
- Finance Department
  - Building & Fleet Services
  - Municipal Court
- Human Resources

Urban Development
- Environmental Services
- Building Inspection

Public Works
- Streets Department
- Utilities Department

Information Services

Visitor Services
- Administration/ Marketing
- Conference Centre
- Special Events
- Theatre

Assistant City Manager

Public Safety
- Police Department
- Fire Department

Parks & Recreation Services
- Parks Department
- Recreation Department

Staffing

	FISCAL YEARS					Difference
GENERAL FUND	1995	1996	1997	1998	1999	98-99
City Manager	6.8	7.8	8.3	8.3	8.3	0.0
Economic Development	1.0	1.0	1.0	1.0	1.0	0.0
Finance	11.7	11.7	11.7	11.7	11.7	0.0
Building and Fleet Services	8.0	8.0	8.0	8.0	8.0	0.0
Municipal Court	5.1	4.1	4.1	4.1	4.1	0.0
Human Resources	3.3	3.3	3.3	3.3	3.7	0.4
Police	73.1	75.1	76.1	77.1	77.1	0.0
Fire	53.0	53.0	53.4	53.4	53.4	0.0
Environmental Services	2.0	2.0	2.0	2.0	2.0	0.0
Building Inspection	4.0	4.0	4.0	4.0	4.0	0.0
Streets	6.0	6.0	6.0	5.4	5.4	0.0
Parks	16.0	19.0	19.0	19.0	19.0	0.0
Recreation	10.5	11.0	11.0	11.0	11.0	0.0
TOTAL General Fund	200.5	206.0	207.9	208.3	208.7	0.4
Hotel fund	7.7	9.7	9.7	11.2	11.2	0.0
Airport fund	0.3	0.3	0.3	0.3	0.3	0.0
Street Capital Project fund	0.8	0.8	1.3	2.1	2.1	0.0
Utility fund	12.9	12.9	13.4	14.2	14.2	0.0
Information Services fund	0.0	0.0	0.0	4.0	4.0	0.0
TOTAL ALL FUNDS	222.2	229.7	232.6	240.1	240.5	0.4

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

Council Adopted 1998-99 Annual Budget
Combined Summary of Revenues and Expenditures
All Funds Subject to Appropriation
With Comparisons to 1997-98 Budget

	General Fund	Special Revenue Funds			Debt Service Funds	
		Hotel	Airport	Other	General	Occupancy Tax Revenue
BEGINNING BALANCES	$ 4,710,310	$ 6,086,610	$ 2,666,110	$ 61,140	$ 1,860,780	$ 299,020
REVENUES:						
Ad valorem tax	3,686,070	0	0	0	6,222,730	0
Non-property taxes	9,750,000	4,850,000	0	0	0	0
Franchise fees	2,624,000	0	0	0	0	0
Licenses and permits	472,750	0	0	0	0	0
Intergovernmental	0	0	562,500	0	0	0
Service fees	1,065,100	297,000	785,000	0	0	0
Fines and penalties	535,000	0	0	0	0	0
Rental income	125,000	251,500	115,000	0	0	0
Bond proceeds	0	0	0	0	0	0
Interest & other income	350,000	260,000	35,000	14,350	200,000	15,000
TOTAL REVENUES	18,607,920	5,658,500	1,497,500	14,350	6,422,730	15,000
Transfers from other funds	0	0	0	0	0	415,000
TOTAL AVAILABLE RESOURCES	23,318,230	11,745,110	4,163,610	75,490	8,283,510	729,020
EXPENDITURES:						
General government	4,138,370	0	0	0	0	0
Public Safety	9,701,990	0	0	30,300	0	0
Urban development	485,890	0	0	0	0	0
Streets	1,099,980	0	0	0	0	0
Parks & Recreation	2,473,690	0	0	10,000	0	0
Tourism	0	3,741,780	0	0	0	0
Aviation	0	0	874,740	0	0	0
Utilities	0	0	0	0	0	0
Debt service	0	0	0	0	6,565,280	434,000
Capital projects	0	1,545,000	2,860,000	0	0	0
TOTAL EXPENDITURES	17,899,920	5,286,780	3,734,740	40,300	6,565,280	434,000
Transfers to other funds	550,000	415,000	0	0	0	0
ENDING FUND BALANCES	$ 4,868,310	$ 6,043,330	$ 428,870	$ 35,190	$ 1,718,230	$ 295,020

Distribution of Revenues - All Funds

Interest & Other (4%)
Bond Proceeds (1%)
Rental Income (1%)
Fines & Penalties (1%)
Service Fees (26%)
Intergovernmental (5%)
Licenses & Permits (1%)
Franchise Fees (6%)
Ad Valorem Tax (22%)
Non-Property Taxes (33%)
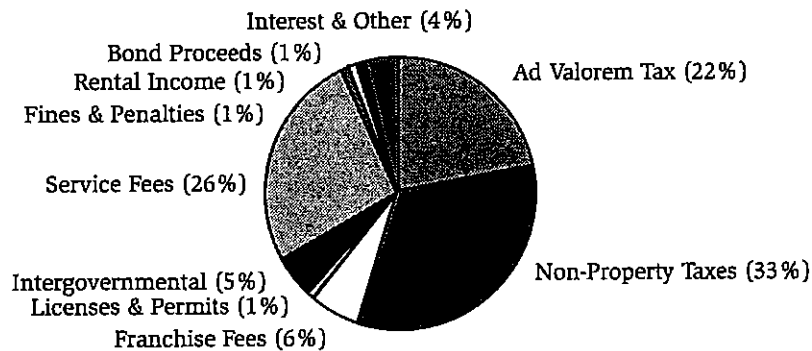
Capital Project Funds		Proprietary Funds				Total All Funds	
Streets	Parks	Utility	Risk Retention	Capital Replacement	Information Services	1998-99	1997-98
$ 7,706,470	$ 2,164,350	$ 5,105,050	$ 1,323,690	$ 1,174,700	$ 1,969,010	$ 35,127,240	$ 24,506,070
0	0	0	0	0	0	9,908,800	9,451,200
0	0	0	0	0	0	14,600,000	13,835,000
0	0	0	0	0	0	2,624,000	2,527,000
0	0	0	0	0	0	472,750	414,400
1,640,000	0	0	0	0	0	2,202,500	6,419,070
0	0	6,554,000	1,410,300	447,770	1,273,410	11,832,580	11,121,390
0	0	55,000	0	0	0	590,000	635,000
0	0	0	0	0	0	491,500	437,500
0	0	0	0	0	574,450	574,450	10,976,000
200,000	50,000	434,200	71,000	78,000	135,000	1,842,550	2,632,500
1,840,000	50,000	7,043,200	1,481,300	525,770	1,982,860	45,139,130	58,449,060
550,000	0	0	0	0	0	965,000	2,605,500
10,096,470	2,214,350	12,148,250	2,804,990	1,700,470	3,951,870	81,231,370	85,560,630
0	0	0	1,477,900	1,000	795,010	6,412,280	6,028,870
0	0	0	0	210,000	2,216,000	12,158,290	11,350,330
0	0	0	0	0	0	485,890	502,230
0	0	0	0	47,000	0	1,146,980	1,126,760
0	0	0	0	44,000	0	2,527,690	2,882,120
0	0	0	0	0	0	3,741,780	3,458,100
0	0	0	0	0	0	874,740	658,290
0	0	4,668,270	0	0	0	4,668,270	4,281,490
0	0	2,020,400	0	0	0	9,019,680	9,294,180
8,721,570	1,940,000	838,900	0	0	0	15,905,470	20,077,480
8,721,570	1,940,000	7,527,570	1,477,900	302,000	3,011,010	56,941,070	59,659,850
0	0	0	0	0	0	965,000	2,605,500
$ 1,374,900	$ 274,350	$ 4,620,680	$ 1,327,090	$ 1,398,470	$ 940,860	$ 23,325,300	$ 23,295,280

Total Revenues $45,139,130
Decrease in fund balance 11,801,940
Total Appropriable funds $56,941,070

Total Appropriations $56,941,070

Distribution of Expenditures - All Funds

Capital Projects (28%)
General Government (11%)
Public Safety (21%)
Urban Development (1%)
Streets (2%)
Parks & Recreation (4%)
Tourism (7%)
Aviation (2%)
Utilities (8%)
Debt Service (16%)
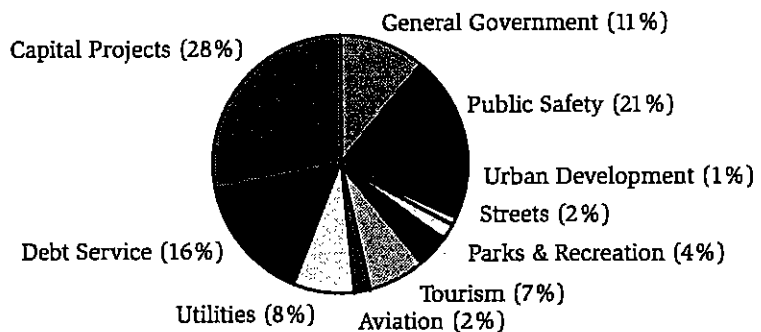
The Goals for Addison and the 2020 Vision Project represent general guidelines for directing the administration and development of the Town of Addison. The goals and vision are reviewed annually by the Council. Neither the vision nor the goals were modified by Council for the 1999 budget.

Introduction

The Addison 2020 Vision Project serves as a guiding tool for future Addison Town Councils to use as they perform their decision making responsibilities. The 2020 Vision is divided into three sections. Section I presents the Committee's vision for Addison in the year 2020 by examining the Town's overall orientation and development at that time. Section II addresses specific opportunities and challenges for the Town by geographic and functional areas. Section III identifies action recommendations to be considered so Addison may realize the 2020 Vision.

The following synopsis highlights the major tenets of the Committee's work. The bulleted statements are intended to represent the Committee's recommended vision for Addison in the year 2020.

To effectively meet the challenges of the next century and seize opportunities, Addison should...

- Continue to build Addison's reputation as a prime location for small, medium and start-up businesses.

- Focus on the retention and expansion of existing business.

- Work with developers to identify high profile corporate center uses for land along the Tollway corridor.

- Maintain open communication between the business and residential communities. Help both groups realize inter-relationship is an important key to their success.

- Consider high quality, multi-family or high density housing for residential development in the future. A diversified residential community catering primarily to adults should be targeted.

- Create incentives for the redevelopment of the Brookhaven Club area.

- Acknowledge that changing lifestyles and demographics make high density housing attractive and recognize that density can be a positive influence when integrated with green space and parks.

- Increase the Town's attention to aesthetics. Parks, medians, entrances into the community, landscaping and building appearance should be featured.

- Encourage the development of the Arts and art in public places.

- Pursue development of a mixed-use, urban residential district that combines a special events site and arena in the area north of Belt Line Road between Addison Road and Quorum Drive.

- Make Addison's name synonymous with year round special events. If possible, secure adequate space for these events through long-term lease or purchase.

- Review infrastructure improvements as they become necessary. Infrastructure improvements should include pedestrian oriented means of travel. Preparing for advanced telecommunication networks is imperative.

- Acquire land and right-of-way to ensure Addison's participation in the development of future rail transit opportunities.

- Pursue development of the Addison Airport as a corporate jet port which houses aircraft from throughout North Texas.

- Continue to stress the high quality and level of service delivered by the Town as a distinguishing asset.

- Provide the best possible educational opportunities for residents of all ages.

- Foster a sense of community in Addison residents by involving them in a variety of community events and municipal service.

The 2020 Vision Committee believes the report should be reviewed on an annual basis to ensure the Town's development is proceeding properly.

Project 2020 Vision

Mission Statement

The Town of Addison will maintain a dynamic progressive quality atmosphere in which to work, play and live with an emphasis on balanced growth.

Goals for Addison

Provide diversified residential housing opportunities.

- Explore means for increasing single-family developments in balance with the growth of multi-family opportunities.
- Explore creative means to upgrade existing multi-family structures.
- Maintain the integrity of residential neighborhoods through the use of buffers, park systems and landscaping.
- Acknowledge that changing lifestyles and demographics may make high quality, multi-family or high density housing an attractive opportunity.
- Continue development of mixed-used housing and business development in accordance with the recommendations of the Master Plan and encourage the progress of further development of an urban residential district north of Belt Line Road between Addison Road and Quorum Drive.

Provide for a diversified business climate.

- Encourage retail business.
- Build Addison's reputation as a prime location for small, medium and start-up businesses while continuing to pursue appropriate larger businesses and corporate entities for the community.
- Enhance open communication between local government, the business community, Town Hall and the residential sector.
- Recognize the significance of Addison's premier locations for promoting our image and success.
- Pursue economic development through the use of an innovative program of work that seeks to provide stable and expanded employment opportunities.
- Encourage redevelopment and upgrades along Addison Road, including improvements to Addison Road.
- Retain and enforce our commitment to landscaping.

Continue to attract visitors.

- Create and promote special events.
- Promote the arts and cultural events.
- Support the creation of art in public places.
- Promote Addison Airport as a tourism and visitor destination through special events and on-site attractions as well as pursuing the continued development of the Airport as a corporate aircraft center.
- Develop additional innovative uses of the Hotel/ Motel fund that will build tourism.

Conduct the business of the Town in a fiscally responsible manner.

- Retain high bond rating and financial reputation.
- Retain policy on high (25%) financial reserves.
- Ensure ongoing review of all service and contract providers.
- Explore new and innovative revenue sources.
- Promote and utilize Addison businesses whenever possible in making municipal purchases.
- Adopt Town budgets in context of the long-term financial plan which emphasizes funding of capital projects through operating revenues instead of issuing debt.

Provide quality leisure opportunities.

- Review recreation offerings for the residential and business communities on a regular basis.
- Maintain resident-only use of the Addison Athletic Club.
- Pursue implementation of the Parks Master Plan and related facilities as deemed appropriate.
- Maintain the excellence of the Addison park system.
- Promote xeriscaping as a water conservative and low maintenance form of urban landscaping.

Employ high quality service-oriented personnel.

- Maintain present friendly, professional and highly qualified employee standards to Town personnel.
- Promote educational standards.
- Provide innovative and flexible compensation policies.

Goals for Addison

Provide a safe environment.

- ☒ Maintain a best model reputation in police and fire services.

- ☒ Develop programs to reduce crime throughout the community.

- ☒ Encourage the public safety departments to pursue cooperative inter-agency and inter-governmental approaches to service provision.

- ☒ Promote proactive neighborhood-based crime watch.

- ☒ Support social services.

- ☒ Support strict health and code enforcement.

- ☒ Uphold commitment to environmental programs.

- ☒ Promote high visibility and community involvement for public safety employees.

Promote quality transportation services.

- ☒ Pursue implementation of the Transportation Master Plan.

- ☒ Recognize and advocate the significance of DART rail for our business and growth development.

- ☒ Improve our street system while maintaining the integrity of landscaping and our commitment to quality street maintenance.

- ☒ Explore infrastructure improvements and intra-city transportation as well as pedestrian oriented means of travel.

- ☒ Continue to install the necessary fiber optics framework to make Addison a "virtual community".

- ☒ Continue the improvement of the Addison Airport facility and infrastructure through the pursuit of FAA funds.

- ☒ Support the Keller Springs Toll Tunnel and the Arapaho Road extension.

Pursue the finest educational offerings for the community.

- ☒ Continue the Town's interlocal agreement for library services with the City of Farmers Branch.

- ☒ Pursue associations with learning institutions to provide continuing education offerings to the Town's resident and business population.

- ☒ Continue to pursue enhanced primary and secondary school opportunities for Addison children.

Work to instill a "sense of community" in our residents.

- ☒ Build a sense of community through the continuation of activities like the candidate forums, Town Hall meetings, and newsletters.

- ☒ Find new avenues to involve more residents in the civic process and to serve on boards and commissions with the hope of developing new leaders from a cross-section of the community.

Measuring Achievement!
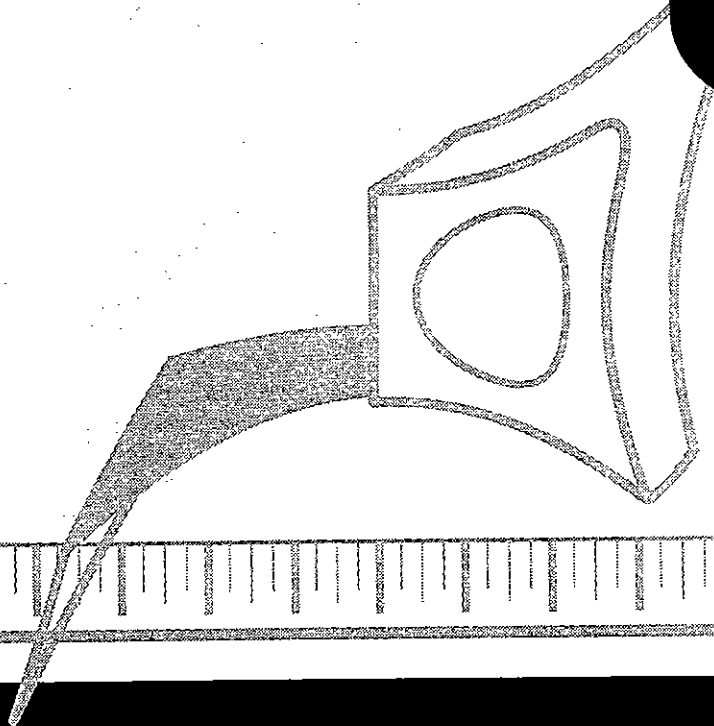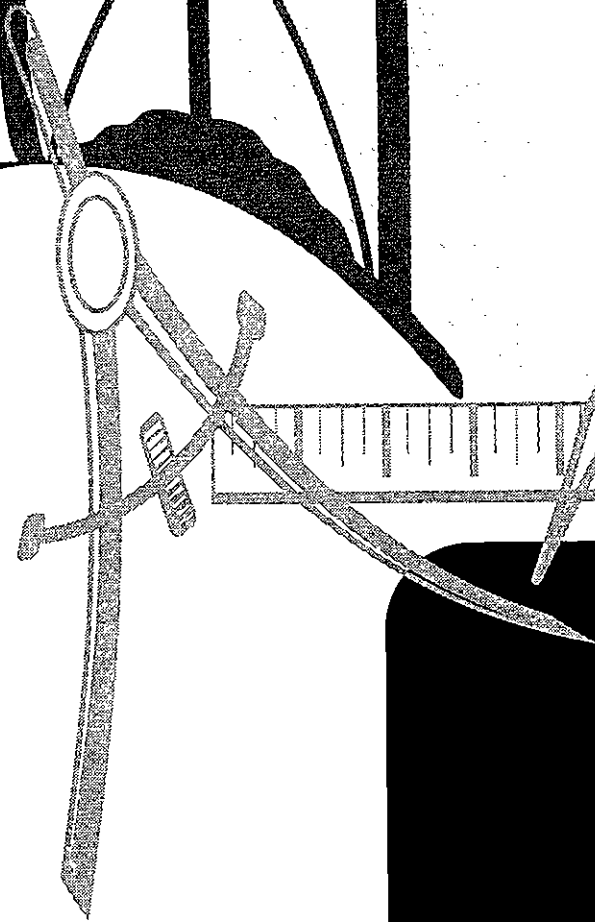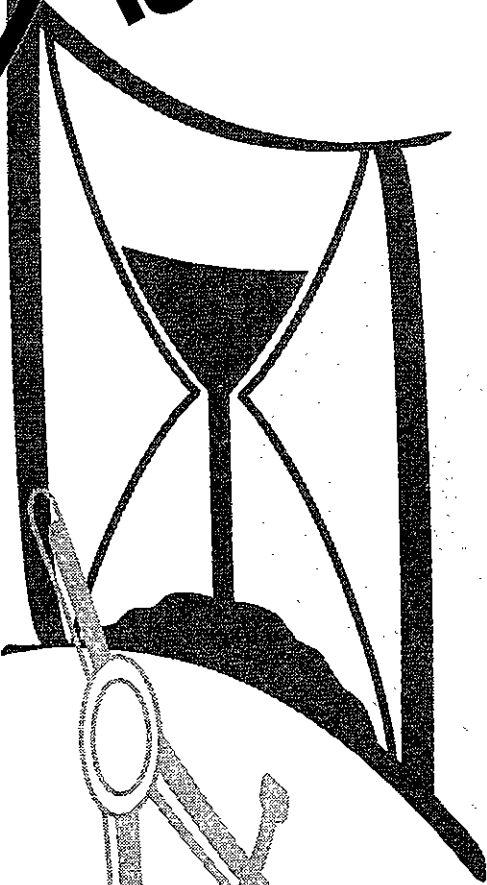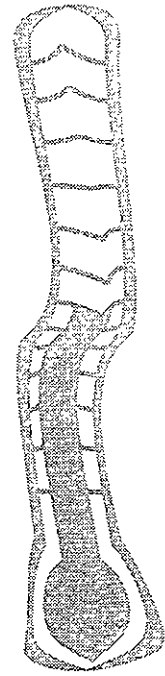
Town of Addison

GENERAL FUND

General Fund

Fund Description

The 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 which 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 concluding and new fiscal years. Operational accomplishments and goals are reported in the department narratives.

Concluding Fiscal Year Financial Performance

Revenues are estimated to be $149,720 or just 0.8% greater than anticipated in the 1997-98 budget and 4.5% greater than actually received during the 1996-97 fiscal year. Most revenue categories performed as anticipated in the budget. Significant disparities are noticed in only two areas. Building and construction permits are estimated to be 51% greater than budget and reflect the construction activity occurring with office and multi-family developments. Court fines may be short of the budgeted amount by as much as 22%; the decline is attributed to turnover in the Police department which affected the issuance of traffic citations.

Expenditures are expected to be $68,780 or 0.4% less than the adopted budget. Of the fourteen operating departments all but five are expected to be within their original individual budgets. Even those departments which may exceed their annual budgets will do so by only minor amounts; the greatest disparity was with the Combined Services department which is projected to exceed its budget by 3%. All excess expenditures were properly recognized with budget amendments approved by Council in June.

The differences estimated for revenues and expenditures, combined with a higher beginning fund balance, contributed to an estimated ending fund balance of $4,710,310 which is $118,530 greater than originally budgeted.

1998-99 Budget

Revenues[1]

Revenues are expected to total $18,607,920 which represents a 5.1% increase over the previous year's budget. Over $450,000 of the increase is attributed to revenue generated from property taxes. Although the rate levied for General fund purposes actually declined from the previous year (14.88¢ compared to 15.32¢), the 18.1% increase in appraised values will net higher revenues. Revenue from sales and alcoholic beverage taxes is expected to increase a modest 2.2%. The most significant percentage increases are expected for the licenses/permits and service fee categories. Licenses/permits will continue to reflect the dynamic construction activity experienced the last two years and which is expected to continue for the next twelve to eighteen months. Service fees will grow primarily due to greater demand for services fueled by new office and multi-family developments.[2] The only category expected to materially decline next year is court fines which, following the experience of the concluding fiscal year, is expected to go down approximately 8.5%.

Expenditures

Total fund expenditures for the 1999 fiscal year have been appropriated at $17,899,920, an increase of $938,580 or 5.5% over the 1997-98 budget. Most of the increase is associated with Personal Services category which represent the salaries and benefits paid to Addison employees accounted for in the General fund. General fund staffing comprises 208.7 FTE (full-time equivalent) positions which is just 0.4 FTE greater than the previous year due to the increased hours of a part-time position in the Human Resources department. Funding of the Town's merit pay plan at an average of six percent of employee salaries[3], and increased costs associated with the Town's retirement and group medical plans contributed to the higher category expenditures.

Another substantive increase came in the Capital Replacement category. All General fund equipment and rolling stock valued at more than $5,000 individually, or as an integrated group (e.g. computer equipment), is amortized over its useful life in either the Information Services fund or the Capital Replacement fund.[4] Contributions to those funds are made from the individual department budgets. The installation of the new general government computer in 1998 and the

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[1] For more extensive discussion of major revenues, please refer to Appendix C.

[2] The Town Chronicle section of this document describes the scope of these developments.

[3] The impact to the budget of the six percent merit pay distribution will only be 4.5% to salary expenditures because the salary increases will not be distributed until the second quarter of the fiscal year. For more information pertaining to the Town's pay plan, please refer to Appendix G.

[4] These fund statements and narratives can be found on pages 70 and 74, respectfully.

planned installation of the public safety computer system in 1999 have increased the level of General fund department contributions. Presentation of General fund expenditures by department was modified slightly in the new budget year with the consolidation of the Building Inspection and Environmental Services departments into one department titled Urban Development. Although this organizational change took place effective the new budget year, the statement of expenditures consolidates the financial information for prior year actual and 1997-98 budget and estimated columns.

As part of its long-term financial plan[5] the General fund is transferring $550,000 of surplus fund balance to the Streets Capital Project fund to support railway crossing improvements in the Urban District area ($300,000) and the 1998 Asphalt Street Rehabilitation program ($250,000).

After expenditures and transfers to other funds, the budget projects an ending fund balance of $4,868,310 which represents 27% of operating expenditures, exceeding the 25% minimum balance established by the Town's financial policies.[6]

[5] Please refer to Appendix D for an explanation of the fund's long-term financial plan and its affect on this year's budget development.

[6] Please refer to Appendix B for the Town's Financial Policies.

General Fund Operating Expenditures
BY MAJOR COST CATEGORY

Category	Actual 1996-97	Budget 1997-98	Estimated 1997-98	Budget 1998-99
Personal Services	$ 10,105,925	$ 10,646,230	$ 10,716,930	$ 11,256,180
Supplies	665,314	648,320	647,670	707,030
Maintenance	1,388,806	1,816,060	1,760,390	1,831,330
Contractual Services	2,751,494	2,749,430	2,661,730	2,841,220
Capital Replacement/Lease	899,210	909,680	907,730	1,049,340
Capital Outlay	146,404	191,620	198,450	214,820
Total	$ 15,957,153	$ 16,961,340	$ 16,892,560	$ 17,899,920

General Fund Expenditures
(By Category)

Personal Services (62.9%)
Contractual Services (15.9%)
Capital Outlay (1.2%)
Supplies (3.9%)
Capital Replacement/Lease (5.9%)
Maintenance (10.2%)
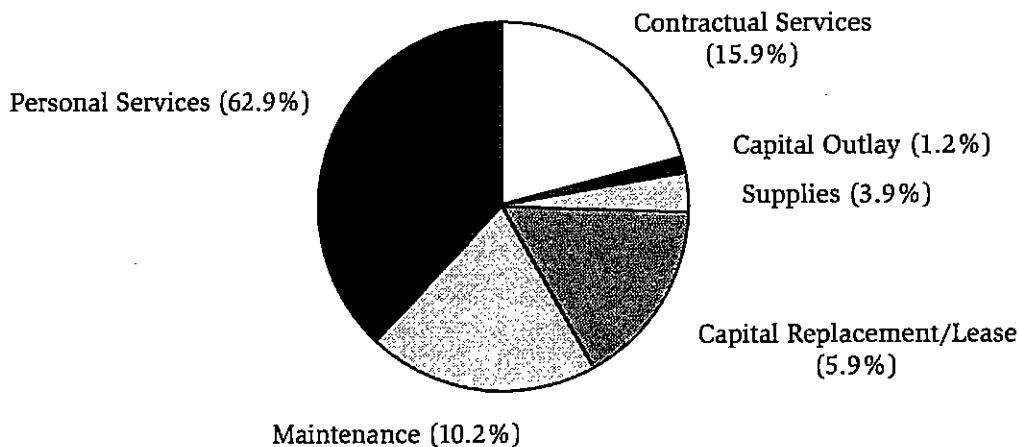
City Government is a service industry which relies predominantly on its employees to serve the community. The majority of costs are associated with employee salaries and benefits.

General Fund
STATEMENT OF REVENUES AND EXPENDITURES

	Actual 1996-97	Budget 1997-98	Estimated 1997-98	Budget 1998-99
BEGINNING BALANCE	$ 5,579,649	$ 4,867,140	$ 4,891,170	$ 4,710,310
REVENUES:				
Advalorem taxes	2,937,878	3,235,580	3,239,500	3,686,070
Non-property taxes	9,117,606	9,535,000	9,520,000	9,750,000
Franchise fees	2,439,476	2,527,000	2,511,450	2,624,000
Licenses and permits	550,173	414,400	595,250	472,750
Service fees	974,786	931,000	1,038,000	1,065,100
Fines and penalties	575,330	585,000	457,500	535,000
Interest earnings	341,259	340,000	355,000	345,000
Rental income	120,161	120,000	126,000	125,000
Other	17,001	10,000	5,000	5,000
TOTAL REVENUES	17,073,670	17,697,980	17,847,700	18,607,920
TOTAL RESOURCES AVAILABLE	22,653,319	22,565,120	22,738,870	23,318,230
EXPENDITURES:				
General Government:				
City manager	699,790	792,390	775,440	882,520
Economic development	158,551	165,660	153,270	163,550
Finance	782,659	846,910	836,000	896,460
Building and fleet services	479,968	564,450	564,560	577,160
Municipal court	409,552	426,900	414,870	466,200
Human Resources	181,879	231,970	235,530	249,390
Combined services	720,806	684,800	705,800	685,100
Council projects	125,182	187,820	175,420	217,990
Public Safety:				
Police	4,811,028	5,137,290	5,186,840	5,602,590
Fire	3,770,703	3,913,840	3,952,710	4,099,400
Urban Development	369,317	443,610	432,490	485,890
Streets	975,101	1,041,910	1,033,530	1,099,980
Parks and Recreation:				
Parks	1,497,483	1,690,300	1,620,600	1,670,800
Recreation	975,134	833,490	805,500	802,890
TOTAL EXPENDITURES	15,957,153	16,961,340	16,892,560	17,899,920
OTHER FINANCING USES:				
Expanded service levels	0	0	0	0
Transfer to streets capital fund	1,033,000	662,000	786,000	550,000
Transfer to parks capital fund	772,000	350,000	350,000	0
TOTAL OTHER FINANCING USES	1,805,000	1,012,000	1,136,000	550,000
ENDING FUND BALANCE	$ 4,891,166	$ 4,591,780	$ 4,710,310	$ 4,868,310

General Fund

General Fund

SCHEDULE OF REVENUES BY SOURCE

	Actual 1996-97	Budget 1997-98	Estimated 1997-98	Budget 1998-99
Advalorem taxes:				
Current taxes	$ 2,920,443	$ 3,221,100	$ 3,225,000	$ 3,671,190
Delinquent taxes	7,092	6,850	6,500	7,440
Penalty & interest	10,343	7,630	8,000	7,440
Non-property taxes:				
Sales tax	8,462,674	8,860,000	8,800,000	8,950,000
Alcoholic beverage tax	654,932	675,000	720,000	800,000
Franchise fees:				
Electric franchise	1,404,949	1,500,000	1,450,000	1,500,000
Gas franchise	119,470	110,000	127,850	110,000
Telephone franchise	814,792	870,000	873,600	949,000
Cable franchise	40,281	35,000	35,000	40,000
Street rental fees	59,984	12,000	25,000	25,000
Licenses and permits:				
Business licenses and permits	121,812	104,100	126,150	125,650
Building and construction permits	428,361	310,300	469,100	347,100
Service fees:				
General government	180	200	200	200
Public safety	711,810	667,000	751,900	767,500
Urban development	4,315	6,000	5,400	4,900
Streets and sanitation	196,020	190,800	214,500	226,500
Recreation	62,461	67,000	66,000	66,000
Court fines	575,330	585,000	457,500	535,000
Interest earnings	341,259	340,000	355,000	345,000
Rental income	120,161	120,000	126,000	125,000
Other	17,001	10,000	5,000	5,000
TOTAL REVENUES	$ 17,073,670	$17,697,980	$ 17,847,700	$18,607,920

**DISTRIBUTION OF REVENUES
BY SOURCE
General Fund**

Rentals & Miscellaneous (.8%)
Interest Income (1.8%)
Non-Property Tax (52.4%)
Fines & Penalties (2.9%)
Franchise Fees (14.1%)
Service Fees (5.7%)
Licenses & Permits (2.5%)
Ad Valorem Tax (19.8%)
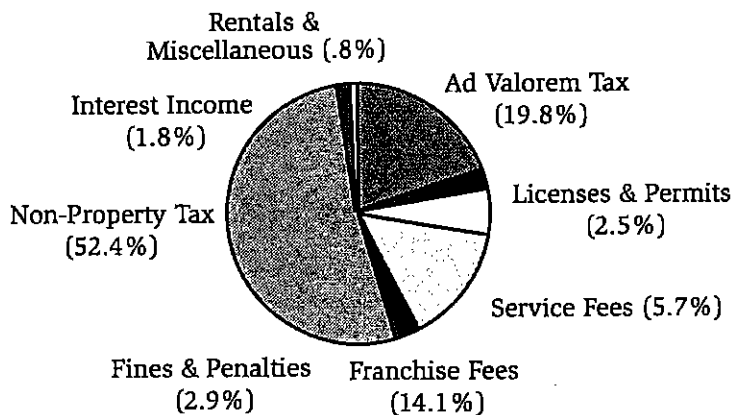
**DISTRIBUTION OF EXPENDITURES
BY FUNCTION
General Fund**

Urban Development (2.7%)
Public Safety (54.2%)
Parks & Recreation (13.8%)
Streets (6.2%)
General Government (23.1%)
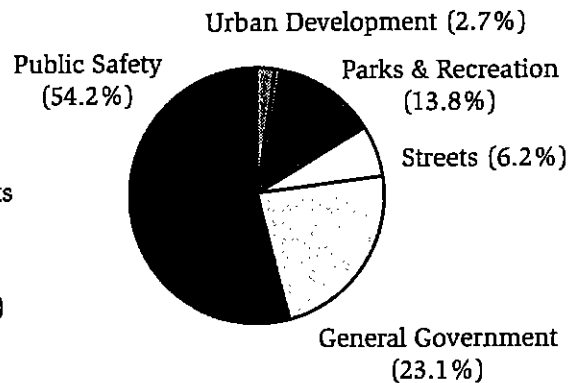
Addison!®

Measuring Achievement!
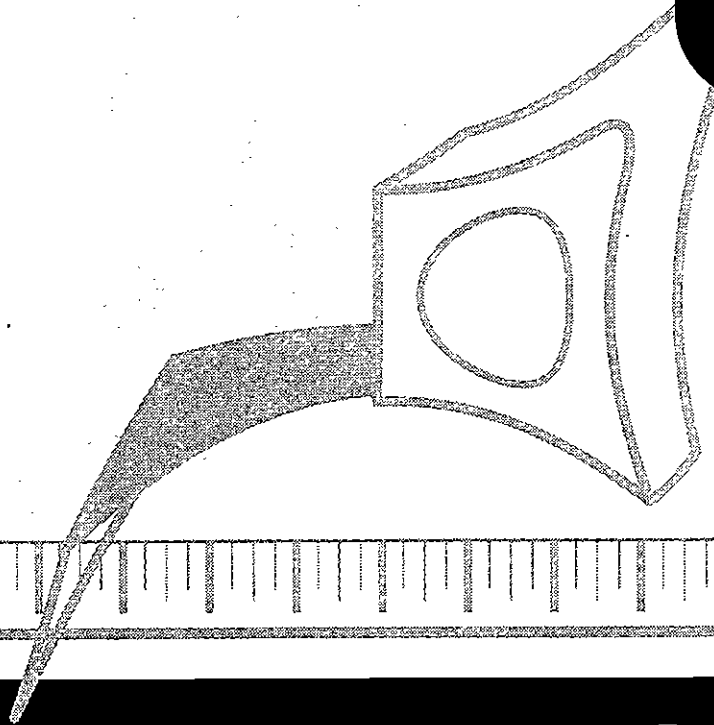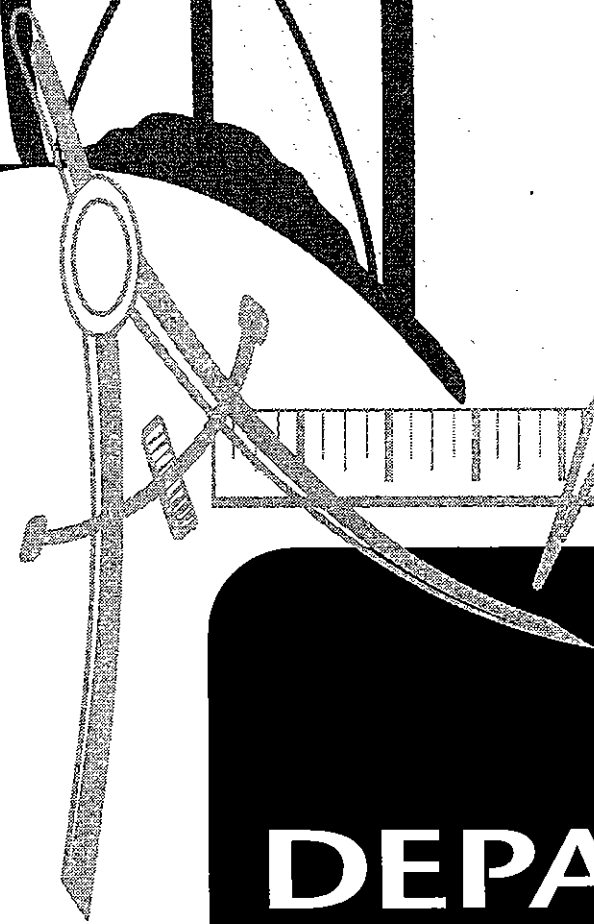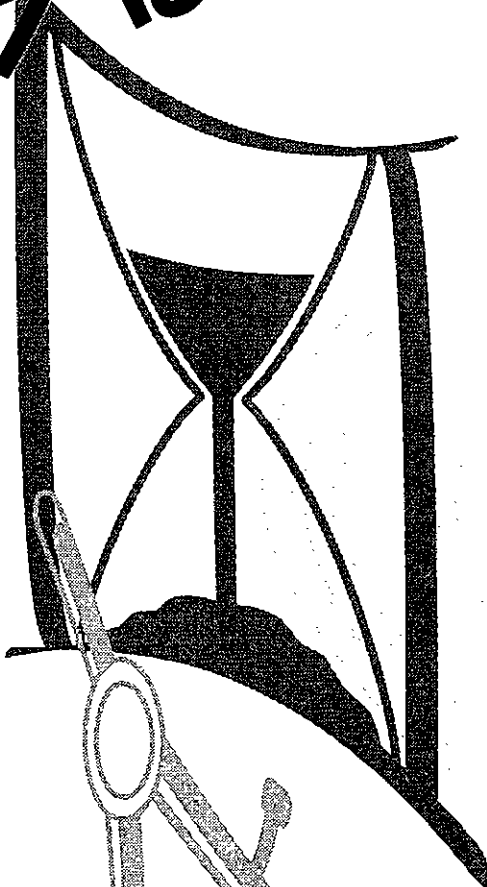
Town of Addison

GENERAL FUND DEPARTMENTS

City Manager

DEPARTMENT MISSION

To effectively implement and administer the policies established by the Council. The City Manager is responsible for making recommendations to the Council concerning policies and programs and developing methods to insure 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 for FY1998:

- ⧗ Completed property right-of-way negotiations and began construction of the DART Transit Center and Arapaho Road Extension- Phase I.
- ⧗ Continued property acquisition for the "Addison Arts and Cultural Events District" and approved a design concept for the district.
- ⧗ Successfully concluded the "Addison Airport 2001" community task force process investigating future management scenarios for Addison Airport.
- ⧗ Recruited and hired a number of senior management positions to include a new human resources director, MIS director, police chief, and visitor services director.

ORDINANCES AND RESOLUTIONS WRITTEN

(By Fiscal Year)

■ Ordinances □ Resolutions
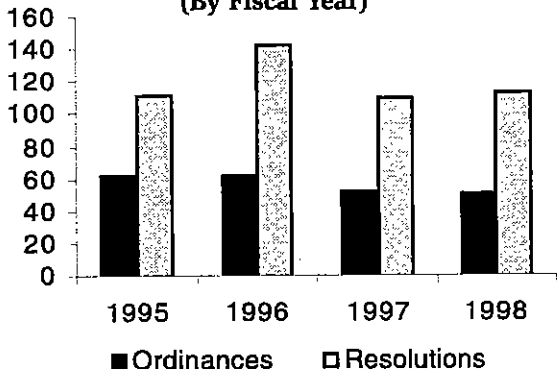
- ⧗ Worked with the U.S. Postal Service to construct and open a new Addison Post Office with local delivery following a city-wide election to consolidate the Town's five zip codes to only two.

Objectives for FY1999:

- ⧗ Partner with the non-profit organization Communities in Schools and Anne Frank Elementary to begin a student outreach services program at the new D.I.S.D. campus which serves all of Addison's elementary school children.
- ⧗ Implement a community involvement and municipal educational program referred to as the "Addison Citizen Academy" for the purpose of fostering greater understanding of local governance in Addison and a stronger sense of community.
- ⧗ Begin the recruitment and evaluation process to select a managing operator of Addison Airport at the conclusion of the current operating agreement.
- ⧗ Proceed with plans to construct a street connector in the South Quorum area for the purpose of improving traffic egress and ingress.
- ⧗ Supervise and coordinate construction of the Addison Circle public art piece.
- ⧗ Continue to offer employees professional growth and development opportunities while identifying outlets to celebrate organizational successes.
- ⧗ Identify services critical to serving the community and evaluate how those services may be impacted by the Y2K issue. Develop contingency plan for providing critical services in the event of Y2K disruptions.

Major Budget Items:

- ⧗ Library cards for Addison residents to use Farmers Branch library ($27,000).
- ⧗ Fees associated with public relations consultant ($10,000).
- ⧗ Department's contribution to Information Systems fund for computer maintenance and operation ($80,000) and amortization of computer equipment ($9,810).
- ⧗ Funding of eventual purchase of Town Hall building at the conclusion of the long-term lease ($25,000).
- ⧗ Replacement of building's six HVAC units ($35,000) and refinishing of wood floors ($20,000).

EXPENDITURES	Actual 1996-97	Budget 1997-98	Estimated 1997-98	Budget 1998-99
Personal Services	$507,415	$555,140	$542,220	$590,910
Supplies	28,275	25,350	28,150	25,850
Maintenance	15,354	73,700	71,800	117,520
Contractual Services	120,116	99,400	94,470	109,800
Capital Replacement/Lease	28,630	38,800	38,800	38,440
Capital Outlay	0	0	0	0
TOTAL Department Budget	$699,790	$792,390	$775,440	$882,520

STAFFING	Level	Budget 1995-96	Budget 1996-97	Budget 1997-98	Budget 1998-99
City Manager	N/C*	1.0	1.0	1.0	1.0
Assistant City Manager	28 - E	1.0	1.0	1.0	1.0
Director-Development Services/ City Secretary	26 - E	1.0	1.0	1.0	1.0
Assistant to the City Manager	21 - E	0.5	0.5	0.5	0.5
Manager-Public Relations	15 - E	0.3	0.3	0.3	0.3
Administrative Assistant	11 - N	0.0	1.0	1.0	1.0
Secretary-Executive	9 - N	1.0	1.0	1.0	1.0
Secretary-Administrative	7 - N	0.5	0.5	0.5	0.5
Secretary-Department	5 - N	1.0	0.0	0.0	0.0
Receptionist	4 - N	1.0	1.0	1.0	1.0
Intern	0 - N	0.5	1.0	1.0	1.0
TOTAL		7.8	8.3	8.3	8.3

*N/C - Not Classified

Action taken by the Addison Town Council during the 1997-98 fiscal year included adoption of a number of important ordinances and resolutions such as:

- ⧗ Authorized the exchange of land for the widening of Arapaho Road and obtained parking rights for special events.

- ⧗ Entered into agreements with social and community service agencies for the provision of services to residents.

- ⧗ Approved concept and authorized staff to solicit bids for the construction of Esplanade Park in Addison Circle Phase II.

- ⧗ Approved the construction of Blueprints, a sculpture to be placed in the traffic circle at Addison Circle.

- ⧗ Supplemented the Addison Circle Master Facilities Plan to provide for the extension of Spectrum Drive to the north.

- ⧗ Approved a new lease policy for the Addison Airport.

- ⧗ Authorized the Town to proceed with the process of selecting an operator for the Addison Airport at the completion of the current contract.

- ⧗ Authorized the Town to purchase or pursue purchase of parcels of land for the Arts and Events District and for the Addison Airport.

- ⧗ Adopted a tax rate of 40¢ per $100 of assessed value.

- ⧗ Authorized the development of a Public Rights-of-Way management Plan.

- ⧗ Authorized design development for Les Lacs Linear Park – Phase III.

- ⧗ Entered into an interlocal agreement with Farmers Branch for the use of its 800 Mhz mobile data channel.

Economic Development

DEPARTMENT MISSION

To develop and administer the Town's economic development program which seeks to satisfy the Town's goal of maintaining a prosperous, diversified local economy.

PROGRAM NARRATIVE

Accomplishments for FY1998:

- Developed and published a newsletter targeted for the aviation business community on Addison Airport.

- Placed the Town of Addison's targeted economic development advertising campaign in select markets to include Texas Monthly, various chambers of commerce and industry publications, and the Dallas Business Journal.

- Continued to partner with identified business development organizations and chamber of commerce to advance the business interests of Addison through the Greater Dallas, North Dallas, and Metrocrest chambers as well as the Addison Business Association.

- Participated in business expositions, most notably the Greater Dallas Realtors Expo, to promote Addison as a prime location for business relocation and expansion.

Objectives for FY1999:

- Identify new markets for placement of the Town's targeted economic development advertising campaign.

- Work with the University of North Texas Survey Research Center to conduct a municipal services and location profile satisfaction survey of local businesses.

- Identify targeted specialty retail for relocation or start-up ventures in Addison for a more diversified retail base.

- Participate in identified aviation professional organizations and aviation expositions to more effectively promote Addison Airport within the industry.

- Continue the practice of hosting "Mayor's Breakfasts" as an informal forum to interact with identified members of the Addison business community.

Major Budget Items:

- Costs associated with producing three business institutes ($18,000).

- Advertising in various professional magazines and journals ($15,000).

- Department's budget includes the General fund's 60% portion of the annual Town calendar ($40,000); the remaining 40% will be supported by the Hotel fund.

- Production of a quarterly business newsletter ($8,000).

- Professional services related to conducting local business satisfaction survey ($7,000).

TOP 10 ADDISON EMPLOYERS	
Company Name	**Number of Employees**
MBNA Hallmark Information Services	2,000
Excel Telecommunications Inc.	1,400
Mary Kay Cosmetics Inc.	1,000
Advanced Telemarketing Corporation	700
Elcor Corporation	700
CompUSA	600
Frito Lay Inc.	500
Hotel Inter-Continental Dallas	483
Ameriserve	450
Intecom Inc.	350

EXPENDITURES	Actual 1996-97	Budget 1997-98	Estimated 1997-98	Budget 1998-99
Personal Services	$46,075	$50,250	$51,460	$54,890
Supplies	10,157	6,700	4,000	10,000
Maintenance	120	9,450	9,450	4,270
Contractual Services	102,199	96,350	85,450	92,750
Capital Replacement/Lease	0	2,910	2,910	1,640
Capital Outlay	0	0	0	0
TOTAL Department Budget	$158,551	$165,660	$153,270	$163,550

STAFFING	Level	Budget 1995-96	Budget 1996-97	Budget 1997-98	Budget 1998-99
Assistant to the City Manager	20 - E	0.5	0.5	0.5	0.5
Secretary - Administrative	7 - N	0.5	0.5	0.5	0.5
TOTAL		1.0	1.0	1.0	1.0

ECONOMIC DEVELOPMENT PACKETS DISTRIBUTED
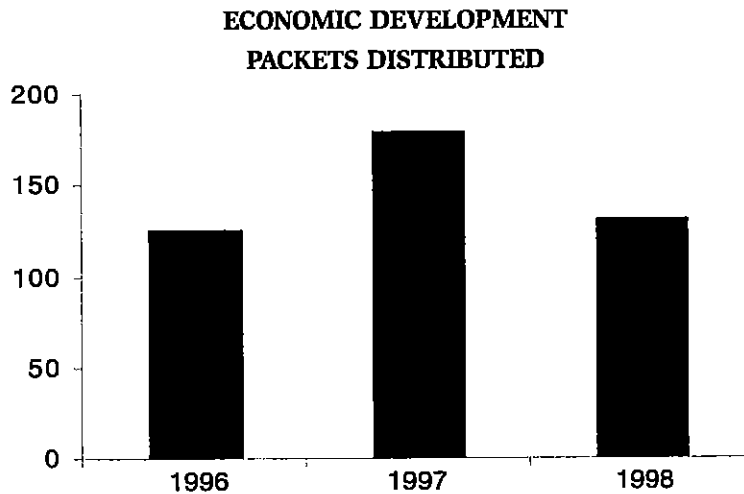
One method used to attract businesses to Addison is the distribution of packets to interested parties. The packets contain information related to the community's demographics, cost of office rentals and utilities, availability of transportation, area educational institutions and other information which will encourage businesses to locate in Addison. The decline in 1998 is due to fewer companies requesting information about Addison.

OFFICE OCCUPANCY

—◆—Addison   —▩—Dallas CBD
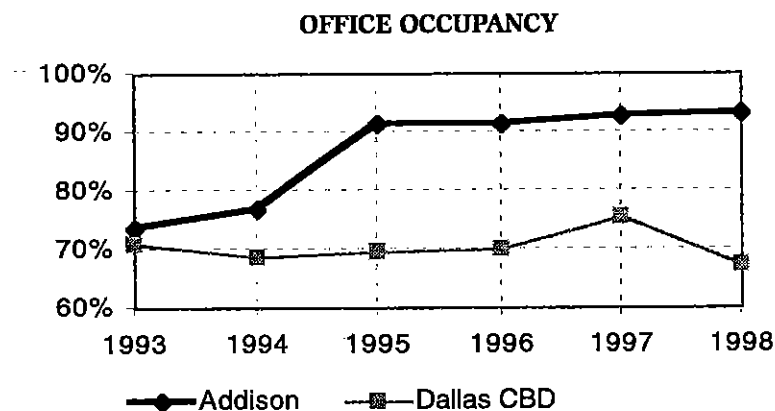
All of Addison's office buildings are of "Class A or B" status, due largely to the fact that most were built within the last 15 years.

Finance

DEPARTMENT MISSION

To optimally manage the Town's finances through its accounting, collections, and purchasing divisions. The Director of Finance is charged with satisfying this mission by providing general supervision to the divisions, Building and Fleet Services, and Municipal Court departments. The Director develops the Town's comprehensive annual financial report, administers the Town's risk management and treasury functions, and assists the City Manager with development of the Town's annual budget.

PROGRAM NARRATIVE

Accomplishments for FY 1998:

- Developed and implemented procedures for filing insurance claims for ambulance patients providing insurance and researching delinquent accounts using Credit Check software.

- Incorporated Addison's "Request For Bids" and "Request For Proposals" into the Town's Internet Home Page. The use of the Internet will increase · exposure to more bidders and improve efficiency.

- Prepared comprehensive annual report incorporating for the first time SEC Rule 15(c)2-12 continuing disclosure requirements.

- Developed and implemented procedures for automating Conference Centre billing through accounts receivable computer module.

- Worked with financial advisors for successful issuance of $11 million in certificates of obligation.

Objectives for FY 1999:

- Evaluate and install software to enable electronic filing of insurance claims for ambulance billing.

- Evaluate impact of GASB Statement 31 on Town's investment policy and strategies and make appropriate modifications to policies.

- Expand performance measurement program to more functions and include benchmarks from other cities.

- Expand business data base to allow for analyses of impact to city services and economy of different types of development.

- Develop and implement a pilot program using procurement cards for high volume - low dollar purchases.

- Identify functions needed to assist other departments with providing critical services to the community. Evaluate how those functions will be disrupted by the Y2K issue and develop appropriate contingency plans.

Major Budget Items:

- Professional services including audit ($16,000), payments to Dallas County Appraisal District ($60,000), banking fees ($2,500), and cash advisory fees ($13,000).

- Department's share of amortization of computer system ($69,740).

- The department's maintenance budget includes funds for computer service charges ($51,240), replacement HVAC system ($25,500), and routine maintenance of the building ($10,500).

PURCHASE ORDERS PROCESSED
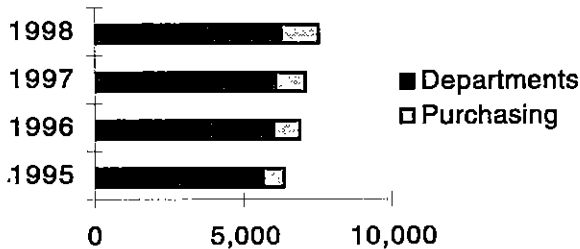
PERCENTAGE OF DOLLARS SPENT

Purchasing (87%)

Department (13%)

Operating departments are allowed to issue their own purchase orders up to $1,000.00. This ceiling reduces the number of orders processed by purchasing while maintaining control over review of the dollars spent.

PERCENT INVOICES PAID WITHIN 30 DAYS
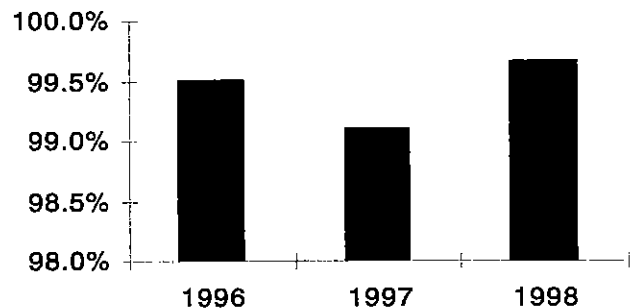
The department strives to pay all invoices within 30 days of receipt. Accomplishing this goal requires the coordinated efforts of vendors, purchasing staff, receiving departments and the accounts payable clerk.

EXPENDITURES	Actual 1996-97	Budget 1997-98	Estimated 1997-98	Budget 1998-99
Personal Services	$461,111	$511,760	$503,240	$540,630
Supplies	35,972	31,470	33,570	32,520
Maintenance	52,046	134,270	129,870	96,540
Contractual Services	148,296	144,250	137,300	146,400
Capital Replacement/Lease	79,090	25,160	22,520	73,370
Capital Outlay	6,144	0	9,500	7,000
TOTAL Department Budget	$782,659	$846,910	$836,000	$896,460

STAFFING	Level	Budget 1995-96	Budget 1996-97	Budge 1997-98	Budget 1998-99
Director-Finance	26 - E	1.0	1.0	1.0	1.0
Manager-Collections	17 - E	1.0	1.0	1.0	1.0
Manager-Purchasing	17 - E	1.0	1.0	1.0	1.0
Manager-MIS	15 - E	1.0	1.0	0.0	0.0
Manager-Accounting	16 - E	1.0	1.0	1.0	1.0
Administrative Assistant	13 - E	0.0	0.0	1.0	1.0
Secretary-Administrative	7 - N	1.0	1.0	1.0	1.0
Assistant-Accounting	7 - N	1.0	1.0	1.0	1.0
Assistant-Tax	7 - N	1.0	1.0	1.0	1.0
Clerk-Cashier	4 - N	2.0	2.0	2.0	2.0
Clerk-Purchasing & A/P	4 - N	1.7	1.7	1.7	1.7
TOTAL		11.7	11.7	11.7	11.7

NUMBER OF BILLS PROCESSED

☐ Tax ■ Utility ☐ Ambulance ▣ Miscellaneous
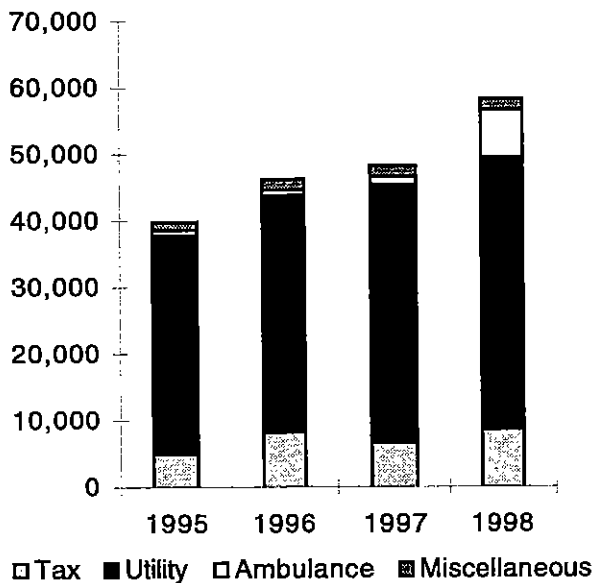
BILLS PROCESSED BY POSITION
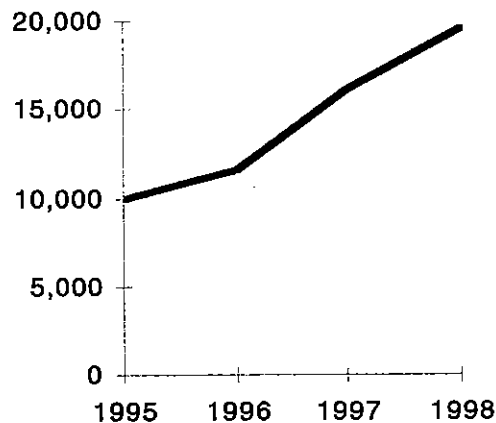
Growth as a result of development increased the workload yet there has been no increase in staffing due to the implementation of such automated processing techniques as bar coding and automatic debit of customer bank accounts.

Building and Fleet Services

DEPARTMENT MISSION

To ensure all Town buildings are maintained to be an attractive and comfortable environment conducive to conducting Town business, and the Town's fleet of vehicles is maintained to meet the highest standards of safety and efficiency. Department staff also manage the Town's inventory of office and custodial supplies, transport mail and supplies among the eight municipal buildings, coordinate the Town's telecommunications network, and administer hazardous material handling. Costs associated with operation and maintenance of the Town of Addison Service Center are reflected in the department's budget. The Service Center houses the Parks, Street, Environmental Services, Building Inspection, Utility, Human Resources, Information Services, and Building and Fleet Services departments.

PROGRAM NARRATIVE

Accomplishments for FY1998:

- ⌛ Developed specifications, and coordinated the installation of replacement carpeting in Town Hall, the Athletic Club, the Service Center, and the Finance and Police buildings.

- ⌛ Worked with the new Information Services department to achieve successful installation of cabling in all buildings to accommodate new networked computer system.

- ⌛ Supervised completion of major facilities projects including: replacement of bay lighting and ceiling insulation and painting of apparatus bays at central fire station; replacement of bay doors at fire station # 2; refinished wood floors;

replaced locker room sink fixtures at Athletic Club; and remodeled boardroom and director's office at the Addison Conference and Theatre Centre.

Objectives for FY1998:

- ⌛ Coordinate and implement Environmental Protection Agency (EPA) and Texas Natural Resources Conservation Commission (TNRCC) updates to Service Center Fuel farm.

- ⌛ Implement new method for metering outgoing mail including possible use of online postage accounts through the Internet.

- ⌛ Evaluate possible use of Utopia Help Desk (new IS system software) as a means for departments to request facility services with greater efficiency.

- ⌛ Identify functions needed to assist other departments with providing critical services to the community. Evaluate how those functions will be disrupted by the Y2K issue and develop appropriate contingency plans.

Major Budget Items:

- ⌛ Costs associated with operating the Service Center building include custodial services and routine maintenance for the building ($35,760) and utilities ($37,500).

- ⌛ Non-recurring maintenance projects include removal of an underground fuel storage tank ($10,000), and replacement of several of the building's HVAC units ($12,000).

BUILDING SERVICE ORDERS BY FACILITY
1998

Service Center (21%)
Town Hall (14%)
Finance (10%)
Conference Centre (17%)
Police (17%)
Athletic Facilities (10%)
Fire #1 (6%)
Fire #2 (5%)

The distribution of work orders by facility corresponds to the relative size of each building.
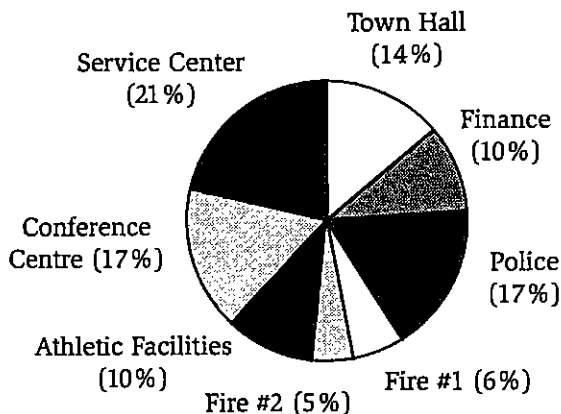
FLEET SERVICE ORDERS BY DEPARTMENT
1998

Urban Development (2%)
Fire (15%)
Police (44%)
Parks & Recreation (14%)
Finance, Bldg Fleet, Courts (7%)
Public Works (18%)

EXPENDITURES	Actual 1996-97	Budget 1997-98	Estimated 1997-98	Budget 1998-99
Personal Services	$328,232	$349,690	$357,050	$371,150
Supplies	18,937	19,150	17,000	19,350
Maintenance	56,318	112,040	108,240	89,580
Contractual Services	51,035	53,700	52,400	55,400
Capital Replacement/Lease	22,600	29,870	29,870	36,540
Capital Outlay	2,846	0	0	5,140
TOTAL Department Budget	$479,968	$564,450	$564,560	$577,160

STAFFING	Level	Budget 1995-96	Budget 1996-97	Budget 1997-98	Budget 1998-99
Manager-Building and Fleet	17 - E	1.0	1.0	1.0	1.0
Supervisor - Fleet Services	11 - N	1.0	1.0	1.0	1.0
Technician-Fleet	8 - N	2.0	2.0	2.0	2.0
Technician-Building Maintenance	8 - N	1.0	1.0	1.0	1.0
Clerk-Inventory	4 - N	1.0	1.0	1.0	1.0
Mail Carrier	2 - N	1.0	1.0	1.0	1.0
Custodian	1 - N	1.0	1.0	1.0	1.0
TOTAL		8.0	8.0	8.0	8.0

WORK ORDERS PROCESSED

□ Fleet ■ Building
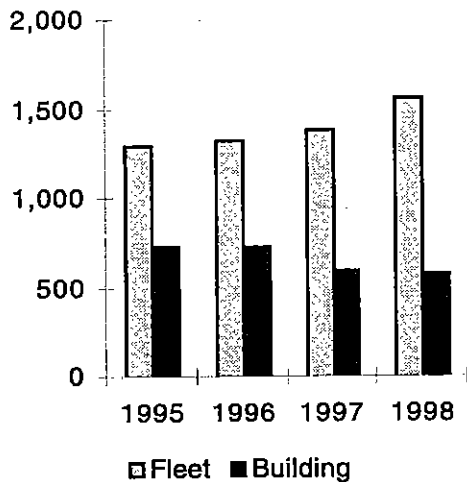
FLEET DOWNTIME
(as a percentage of time in operation)
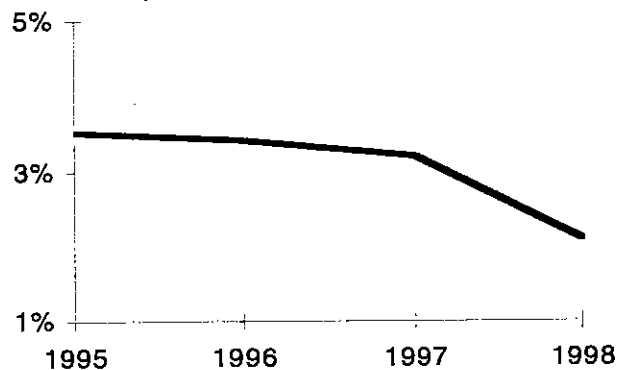
The department works to respond to repairs rapidly, to maintain a down-time rate of less than 3%.

Municipal Court

DEPARTMENT MISSION

To provide a fair, impartial, and timely adjudication of misdemeanor 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 for FY1998:

⧖ Evaluated and successfully incorporated into Court procedures, new laws passed during the 1997 Texas State Legislature.

⧖ Developed new traffic citations to include more information regarding Court procedures.

⧖ Obtained authorization from City Council to use the Department of Public Safety-Failure to Appear (DPS-FTA) program to reduce the number of outstanding warrants.

⧖ Used court fees mandated by the State to install an integrated surveillance and alarm system to improve courtroom security.

⧖ Developed policy and procedures manual for court clerks and judicial staff.

Objectives for FY1999:

⧖ Implement new Department of Public Safety program which will revoke drivers licenses of defendants who fail to appear for trial which will reduce backlog of warrants.

⧖ Update Municipal Court pamphlet to include Spanish language version.

⧖ Develop a home page on the Internet to provide information regarding Municipal Court procedures.

⧖ Update all forms used in Municipal Court to expedite data entry.

⧖ Identify services critical to serving the community and evaluate how those services may be impacted by the Y2K issue. Develop contingency plan for providing critical services in the event of Y2K disruptions.

Major Budget Items:

⧖ Legal fees associated with prosecuting attorney and associate judges ($70,000).

⧖ Department's contribution to Information Systems fund for computer maintenance and operation ($58,640) and amortization of computer equipment ($71,600).

CITATIONS ISSUED
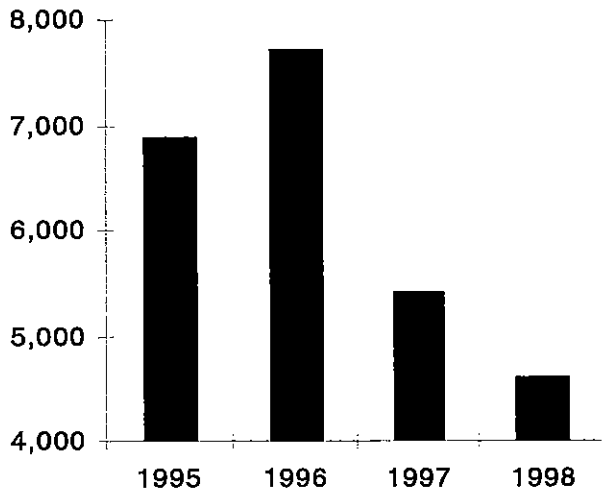
A decline in citations issued by the Police department for 1998 is attributed to officer vacancies.

VIOLATIONS BY TYPE

City Ordinance (1%)
Parking (13%)
State Law (12%)
Traffic (74%)
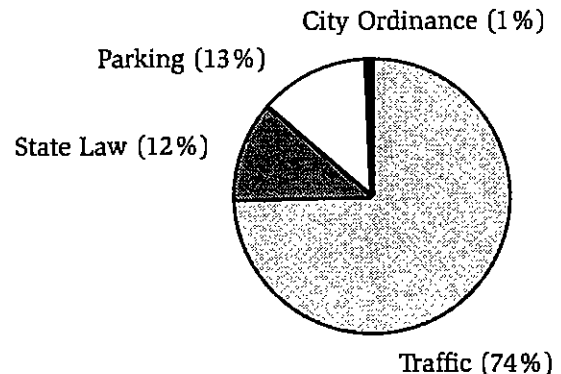
Addison's commerical and retail businesses attract tens of thousands of workers and shoppers throughout the North Dallas area, as reflected by the type of violations issued.

EXPENDITURES	Actual 1996-97	Budget 1997-98	Estimated 1997-98	Budget 1998-99
Personal Services	$205,034	$223,290	$219,540	$233,240
Supplies	12,622	12,250	10,550	12,450
Maintenance	8,701	42,490	41,040	61,240
Contractual Services	85,795	81,730	76,600	84,700
Capital Replacement/Lease	97,400	67,140	67,140	74,570
Capital Outlay	0	0	0	0
TOTAL Department Budget	$409,552	$426,900	$414,870	$466,200

STAFFING	Level	Budget 1995-96	Budget 1996-97	Budget 1997-98	Budget 1998-99
Administrator-Court	15 - E	1.0	1.0	1.0	1.0
Warrant Officer	12 - P	1.0	1.0	1.0	1.0
Clerk-Cashier	5- N	2.0	2.0	2.0	2.0
Municipal Judge	N/C*	0.1	0.1	0.1	0.1
TOTAL		4.1	4.1	4.1	4.1

*Not Classifed, part-time position

CASES SCHEDULED AND HEARD

WARRANTS ISSUED

Human Resources
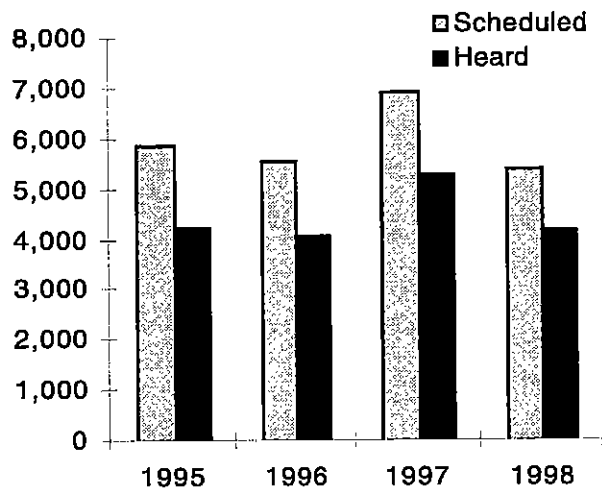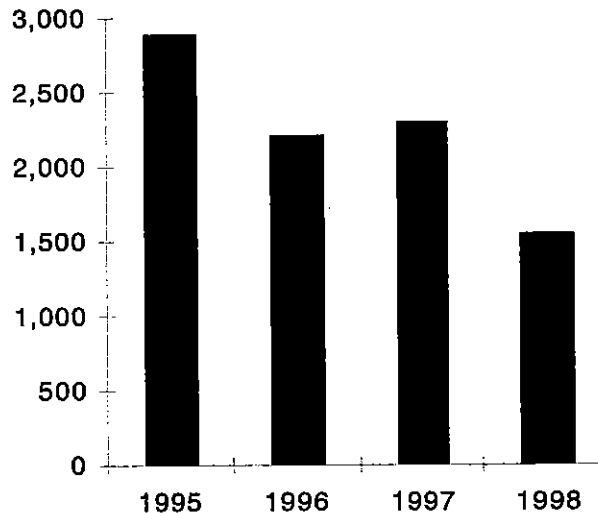
DEPARTMENT MISSION

To create an organizational culture and climate which inspires excellence within the Town organization. The department is charged with developing and administering the personnel policies of the Town, recruiting and hiring qualified employees, and maintaining personnel records. The department is also responsible for the payroll function and the management of the employee benefit programs. The department monitors Town policies to insure they comply with the myriad of federal and state laws which govern municipal employment practices.

PROGRAM NARRATIVE

Accomplishments for FY1998:

- Successfully advertised, interviewed, and filled the Police Chief, Director of Visitor Services, and Director of Human Resources positions.

- Began posting jobs on the Addison web page and on various Internet bulletin boards.

- Completed sexual harassment training for all employees.

- Developed new accident investigation form intended to get to the root cause of on-the-job injuries.

- Streamlined operations through the implementation of computer network and application of software training.

- Set up new holiday code so that costs can be tracked and included in the benefits letter.

- Put employee Handbook on Intranet.

- Began wire transfers for withholding tax, Medicare, FICA payments eliminating manual check writing and delivery to bank.

Objectives for FY1999:

- Provide supervisors with a screening and hiring checklist with the expectation of hiring qualified individuals and reducing employee turnover. Recruit and hire new Fire Chief.

- Study possibility of implementing leave banks and/or allowing sick leave usage when on family leave.

- Work with consultant to develop health insurance options, prepare the bid specifications, and facilitate employee focus groups.

- During open enrollment, provide employees with useful information on how to manage their healthcare costs and be smart medical consumers.

- Automate and simplify merit review process.

- Train supervisors on the Family Medical Leave Act, interviewing skills, and performance appraisal and documentation.

- Assess changing medical facilities for pre-employment physicals, first-aid service, and drug screens.

- Assign pay codes for birthday holiday so that cost can be tracked and included in benefits letter.

- Get most HR forms on the Intranet and develop hyperlinks to provider organizations.

- Identify functions needed to assist other departments with providing critical services to the community. Evaluate how those functions will be disrupted by the Y2K issue and develop appropriate contingency plans.

EMPLOYEES PROCESSED

- Terminated
- Hired

Year	
1998	
1997	
1996	
1995	

0   20   40   60   80   100

HIRES BY TYPE

- New Hires
- New Hires thru Promotion

35
30
25
20
15
10
5
0

1998
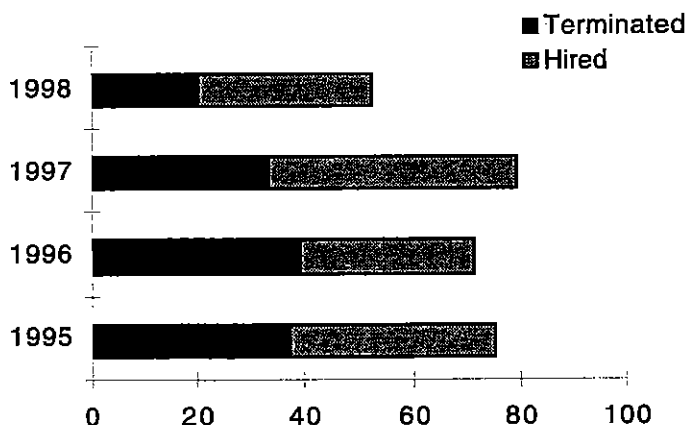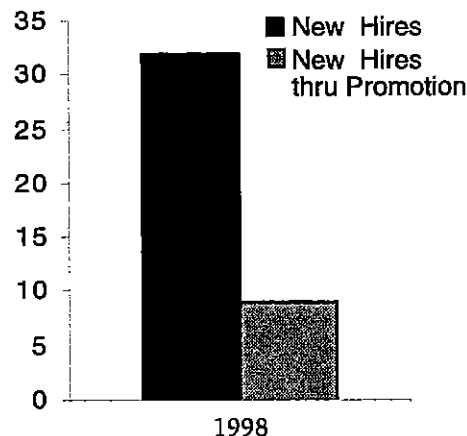
Major Budget Items:

- ⌛ Funds for advertising vacant positions ($27,050).

- ⌛ Capital outlay provides funds for fire-proof cabinets for personnel records ($3,000).

- ⌛ *Expanded Service Level* - Consultant services ($15,000) to assist with recruitment and selection of a qualified individual to fill the Fire Chief position.

EXPENDITURES	Actual 1996-97	Budget 1997-98	Estimated 1997-98	Budget 1998-99
Personal Services	$132,542	$164,980	$168,740	$169,000
Supplies	7,402	7,600	6,600	8,100
Maintenance	1,649	15,980	15,730	9,280
Contractual Services	38,986	39,050	40,100	54,430
Capital Replacement/Lease	1,300	4,360	4,360	5,580
Capital Outlay	0	0	0	3,000
TOTAL Department Budget	$181,879	$231,970	$235,530	$249,390

STAFFING	Level	Budget 1995-96	Budget 1996-97	Budget 1997-98	Budget 1998-99
Director-Human Resources	26 - E	1.0	1.0	1.0	1.0
Payroll Specialist	8 - N	1.0	1.0	1.0	1.0
Assistant-Human Resources	7 - N	1.0	1.0	1.0	1.0
Clerk	4 - N	0.3	0.3	0.3	0.7*
TOTAL		3.3	3.3	3.3	3.7

*Comprised of one permanent part-time position.

AVERAGE TENURE OF EMPLOYEES

APPLICATIONS PROCESSED
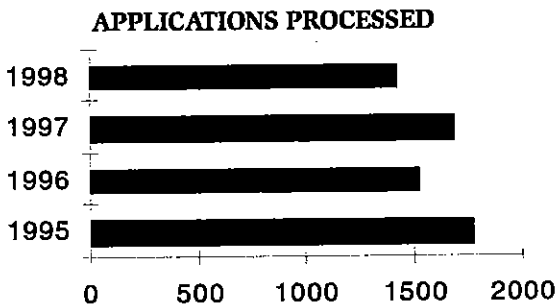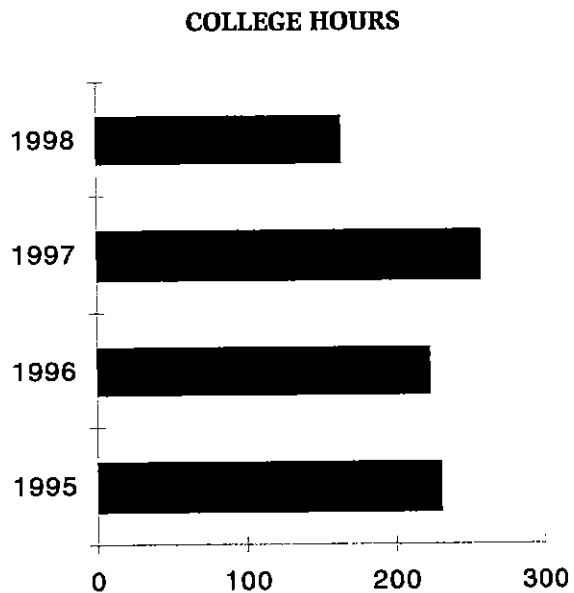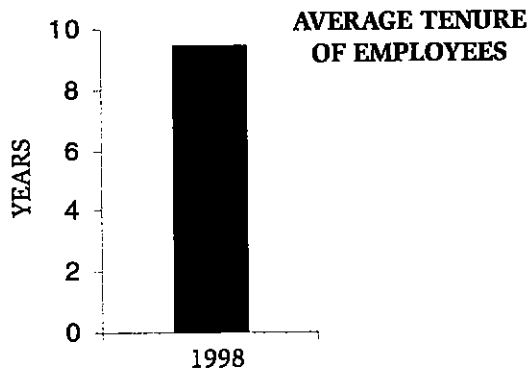
The increase in applications for 1997 was due primarily to the large number processed for vacant police officer positions.

COLLEGE HOURS

The Town of Addison encourages its employees to pursue higher education. The Town reimburses employees for tuition and rewards employees who receive passing grades for completed courses.

Combined Services

DEPARTMENT FUNCTION

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, engineering and attorney fees, insurance premiums, and postage.

PROGRAM NARRATIVE

Major budget items:

- Legal fees for the 1999 fiscal year have been budgeted at $200,000, a 14% increase based on previous year's experience.

- Property and liability insurance for the entire organization is budgeted at $236,000; of this amount, over $60,000 will be shared by the Hotel, Airport and Utility funds.

- Fees paid to Southwestern Bell ($70,000) to operate the 911 emergency communication system and to the City of Carrollton ($20,000) for lease of their 800 MHZ radio tower for Town's use.

- Delivery services and postage for city mailings ($50,000).

- Special training funds ($49,000) for continued supervisory, leadership and team building training, and a special program to reward especially successful department heads and administrative staff with training opportunities which they would otherwise not be able to afford through their own budgets.

- Tuition reimbursement program ($25,000) which compensates employees who take college courses and provides cash bonuses for good grades.

- Unemployment compensation payments ($5,000) for terminated employees.

- Supplies for Employee Action Committee programs ($12,500).

- Miscellaneous engineering services ($10,000).

NUMBER OF PARTICIPANTS IN EAC ACTIVITIES
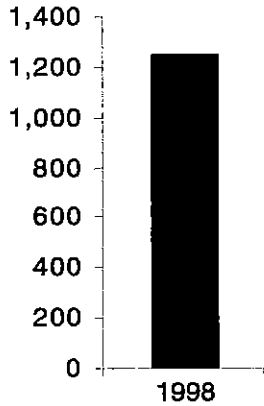
The EAC was created to encourage employees to become involved with improving the Town's levels of service and productivity.

EXPENDITURES	Actual 1996-97	Budget 1997-98	Estimated 1997-98	Budget 1998-99
Personal Services	$26,066	$25,000	$28,500	$30,000
Supplies	57,777	55,800	76,300	66,600
Maintenance	0	0	0	0
Contractual Services	632,052	604,000	601,000	588,500
Capital Outlay	4,911	0	0	0
TOTAL Department Budget	$720,806	$684,800	$705,800	$685,100

EXPENDITURES	Actual 1996-97	Budget 1997-98	Estimated 1997-98	Budget 1998-99
Supplies	$7,148	$8,600	$5,000	$7,550
Maintenance	0	32,400	32,400	29,890
Contractual Services	118,034	136,650	127,850	167,950
Capital Replacement/Lease	0	10,170	10,170	12,600
TOTAL Department Budget	$125,182	$187,820	$175,420	$217,990

STAFFING	NAME	PROFESSION	TERM OF OFFICE
Mayor	Richard N. Beckert	President & CEO	05/97 through 05/99
Mayor Pro Tempore	R. Scott Wheeler	Chief Financial Officer	01/97 through 05/99
Deputy Mayor Pro Tempore	Susan M. Halpern	Attorney	05/97 through 05/99
Councilmember	Mary J. Dolan	Marketing Consultant	05/97 through 05/99
Councilmember	Frank R. Klein	Retired Professional Engineer	05/97 through 05/00
Councilmember	Diane Mallory	Interior Designer	05/98 through 05/00
Councilmember	Bobby Watson	Targeted Specialty Services	05/98 through 05/00

DEPARTMENT FUNCTION

The 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

Major Budget Items:

- ⌛ Compensation for council and board members ($20,000).

- ⌛ Public agency contributions - Metrocrest Chamber of Commerce ($8,000), Metrocrest Social Service Center ($10,000), Senior Adult Services ($10,000), The Family Place ($10,000) and Communities in Schools ($50,000).

- ⌛ Budget includes $10,000 for publication of quarterly newsletters to be mailed to residents and businesses.

- ⌛ Rental and food supplies for special council meetings ($10,000).

- ⌛ Holiday events sponsored by the Council ($17,500).

- ⌛ *Expanded service level* - Funds for establishing a citizens academy to train and educate residents wishing to take an active role in community affairs ($13,000).

City Council Projects

Police

DEPARTMENT MISSION

To preserve the peace, to protect life and property through the enforcement of state and city laws, and the apprehension of criminals. The department is also responsible for the safe and expedient movement of vehicular and pedestrian traffic.

PROGRAM NARRATIVE

Accomplishments for FY1998:

- Selection of a vendor to provide a new networked public safety information system.
- Completion of initial phases of IS installation.
- Successfully negotiated agreement with City of Farmers Branch for shared radio data communications system.
- Realigned patrol districts to provide a sixth district designed to service Addison Circle development.
- Conducted crime prevention program structured around limited service hotels by educating hotel employees on theft and robbery prevention, and overall security of guest parking areas.
- Implemented a direct fax link with all the restaurants in Addison to exchange information with the Police Department regarding suspected criminal activity.

Objectives for FY1999:

- Obtain an agreement for a primary radio provider that utilizes simulcast technology to improve transmission of radio signals.
- Host a regional training event that provides high quality instruction, at a reasonable cost, for Addison police personnel and police employees from other agencies.

CALLS FOR SERVICE

Calls for service have increased over the past few years reflecting the Town's growth in residential and commercial development.

- Develop alternative patrol methods, i.e. a trained bicycle unit and expanded foot patrols, to improve interfacing between the community and police.
- Complete and implement an approved departmental policy manual.
- Identify services critical to serving the community and evaluate how those services may be impacted by the Y2K issue. Develop contingency plan for providing critical services in the event of Y2K disruptions.

Major Budget Items:

- Operating and maintenance costs associated with the department's vehicle fleet ($93,450). This amount is 30% greater than budgeted in the previous year. The increase is a result of changing patrol cars from Pontiac Bonnevilles to the larger Chevrolet Tahoes.
- Custodial services and routine maintenance of the Police building ($60,000) and replacement of all the building's HVAC units ($52,000).
- Utility costs related to Police building ($50,300).
- Department's contribution to Information Systems fund for computer maintenance and operation ($249,220) and amortization of computer equipment ($304,300).
- Capital outlay includes replacement of ten portable radios ($26,000), a building security camera ($2,000), five remote burglary alarms ($18,000) and a new gun cleaning unit ($1,250).
- *Expanded Service Level* - Consultant services for developing new physical fitness standards ($8,750).
- *Expanded Service Level* - Equipping a new bicycle patrol unit ($2,780).
- *Expanded Service Level* - Purchase laser radar unit ($3,000).

CRIMES AGAINST PROPERTY
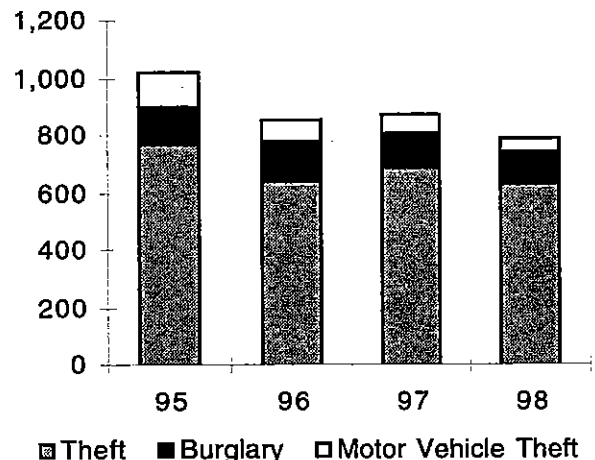
EXPENDITURES	Actual 1996-97	Budget 1997-98	Estimated 1997-98	Budget 1998-99
Personal Services	$3,860,906	$4,024,150	$4,037,160	$4,304,330
Supplies	150,239	150,010	140,800	151,580
Maintenance	168,355	322,640	355,550	451,650
Contractual Services	239,125	216,890	225,630	235,960
Capital Replacement/Lease	357,070	331,200	331,200	408,820
Capital Outlay	35,333	92,400	96,500	50,250
TOTAL Department Budget	$4,811,028	$5,137,290	$5,186,840	$5,602,590

STAFFING	Level	Budget 1995-96	Budget 1996-97	Budget 1997-98	Budget 1998-99
Director-Police Chief	26 - E	1.0	1.0	1.0	1.0
Captain	21 - E	2.0	2.0	2.0	2.0
Lieutenant	19 - E	4.0	4.0	4.0	4.0
Sergeant	16 - P	5.0	5.0	5.0	5.0
Assistant to Police Chief	19 - E	1.0	1.0	1.0	1.0
Police Officer	12 - P	40.0	40.0	43.0	43.0
Manager-Public Safety Communications	15 - E	0.0	0.0	1.0	1.0
Manager-MIS	15 - E	1.0	1.0	0.0	0.0
Supervisor - Communications	12 - E	1.0	1.0	0.0	0.0
Supervisor-Dispatch	10 - N	0.0	0.0	1.0	1.0
Supervisor-Detention	13 - N	1.0	1.0	1.0	1.0
Dispatcher	8 - D	10.5	10.5	9.5	9.5*
Records Clerk	5 - N	1.0	1.0	1.0	1.0
Secretary-Department	6 - N	1.0	1.0	1.0	1.0
Secretary-Division	4 - N	1.0	1.0	1.0	1.0
Clerk	4 - N	1.0	2.0	1.0	1.0
Public Service Officer	4 - N	1.0	1.0	1.0	1.0
Jailor/Temporary	0 - N	3.3	3.3	3.3	3.3**
Legal Advisor	N/C	0.3	0.3	0.3	0.3***
TOTAL		75.1	76.1	77.1	77.1

*Includes nine full-time positions and several part-time, temporary positions equal to one-half FTE.
**Includes several part-time, temporary positions equal to 3.3 FTE.
***Includes one part-time position, not classisfied.

CRIMES AGAINST PEOPLE

ARRESTS
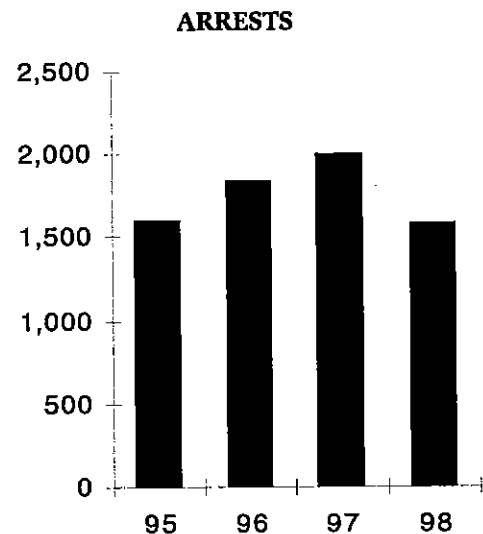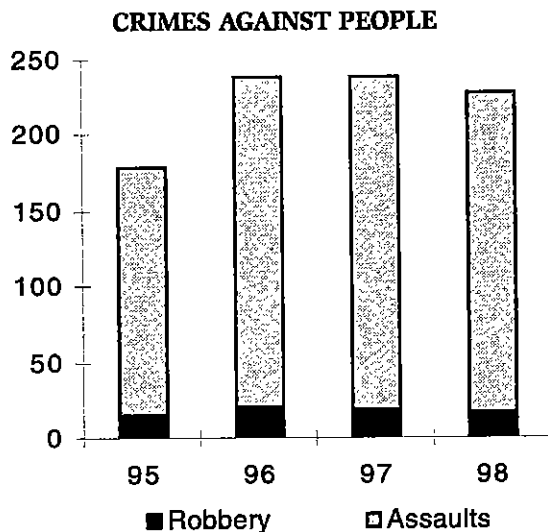
Fire

DEPARTMENT MISSION

To protect lives and property from fire and man-made or natural disasters. 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 with advanced life support capabilities practiced by professionally trained paramedics. These functions are provided by three 24-hour shifts, each staffed with thirteen employees who operate out of two fire stations.

PROGRAM NARRATIVE

Accomplishments for FY1998:

- Finalized agreement with the City of Farmers Branch implementing the Boundary Drop program which allows closest fire units from either city to respond to emergencies irrespective of city boundaries.

- Worked with the Finance department to increase collection of ambulance billing by having paramedics gather additional billing information from each patient to increase the chances of collection. The Fire department secretary took on the added responsibilities of researching patient information and entering billing data into the computer system.

- Implemented a Quality Assurance Program which included doubling the number of continuing education hours devoted to Emergency Medical Services (EMS). Each Paramedic was trained under the nationally recognized Advanced Cardiac Life Support Curriculum and passed the stringent written and performance tests to acquire this certification.

Objectives for FY 1999:

- Certify all existing non-certified personnel to the emergency medical technician level. This cross-training will enhance our patient care capabilities.

- Implement a plan to maximize the number of Insurance Services Office (ISO) training points. The maximization of training points will go toward lowering the Fire Department's ISO rating. A lower rating provides lower insurance rates for residences and businesses in the community.

- Improve Boundary Drop program among the three communities (Addison, Carrollton, and Farmers Branch) upgrading the communications computer link between the dispatch centers.

- Identify services critical to serving the community and evaluate how those services may be impacted by the Y2K issue. Develop contingency plan for providing critical services in the event of Y2K disruptions.

Major Budget Items:

- Department's contribution to Information Services fund for computer maintenance and operation ($72,300) and amortization of computer equipment ($65,870).

- Budget provides for purchase of medical supplies ($28,850), replacement uniforms and bunker gear ($40,770), and training ($49,050).

- Capital outlay includes replacement of portable radios, throat microphones, and ear sets ($15,300), five air packs and twenty compressed air bottles ($23,750), and one ambulance stretcher ($3,180).

- *Expanded Service Level* - Replacement of three cardiac monitors on fire apparatus ($55,000).

- *Expanded Service Level* - Expansion of women's locker room to accommodate additional female firefighters/paramedics ($25,000).

- *Expanded Service Level* - Consultant services for developing new physical fitness standards ($8,750).

EMS	1994-95	1995-96	1996-97	1997-98
Mutual Aid EMS Calls	561	902	844	689
Addison EMS Calls	1,012	1,032	1,186	1,242
TOTAL Average Response Time	4:56	4:53	4:41	4:42

FIRE	1994-95	1995-96	1996-97	1997-98
Calls for Service	843	1,162	1,628	1,759
Fire calls with ignition*	92	115	105	115
TOTAL Average Response Time	6:13	5:51	5:14	5:36

*Calls in which a fire is in progress at time of arrival by respondent.

Mutual aid is a system where cities in a region respond to fires in other jurisdictions. Not only does the program afford a greater utilization of resources, it gives the participating communities the ability to specialize in a particular discipline (e.g. hazardous materials mitigation, high angle/trench rescue and swift water rescue) and then share those services with other cities. The program saves area taxpayers thousands of dollars in public safety expenditures. Due to its central location and small geographical size, Addison typically gives more aid than it receives.

EXPENDITURES	Actual 1996-97	Budget 1997-98	Estimated 1997-98	Budget 1998-99
Personal Services	$2,976,549	$3,078,860	$3,138,230	$3,177,020
Supplies	137,926	117,920	118,600	140,510
Maintenance	203,841	207,000	197,540	226,270
Contractual Services	149,567	164,600	158,500	167,650
Capital Replacement/Lease	263,530	306,840	306,840	290,720
Capital Outlay	39,290	38,620	33,000	97,230
TOTAL Department Budget	$3,770,703	$3,913,840	$3,952,710	$4,099,400

STAFFING	Level	Budget 1995-96	Budget 1996-97	Budget 1997-98	Budget 1998-99
Director-Fire	26 - E	1.0	1.0	1.0	1.0
Chief/Operations	21 - E	1.0	1.0	1.0	1.0
Chief/Prevention	21 - E	1.0	1.0	1.0	1.0
Chief/Training	19 - E	1.0	1.0	1.0	1.0
Captain	17 - E	3.0	3.0	3.0	3.0
Lieutenant	14 - F	9.0	9.0	9.0	9.0
Equipment Operator	12 - F	9.0	9.0	9.0	9.0
Firefighter/Paramedic	11 - F	20.0	23.0	23.0	23.0
Firefighter/EMT	10 - F	2.0	3.0	1.0	1.0**
Firefighter/Inspector/Investigator	11 - F	4.0	1.0	3.0	3.0
Firefighter/Inspector	4 - F	1.0	0.0	0.0	0.0
Secretary-Department	6 - N	1.0	1.0	1.0	1.0
Intern	0 - N	0.0	0.4	0.4	0.4*
TOTAL		53.0	53.4	53.4	53.4

*Includes two temporary, part-time positions.
**The Firefighter/EMT position will be funded through September, 1999, at which time it will be replaced with a Firefighter/Paramedic.

NUMBER OF FIRES AND CORRESPONDING PROPERTY LOSS
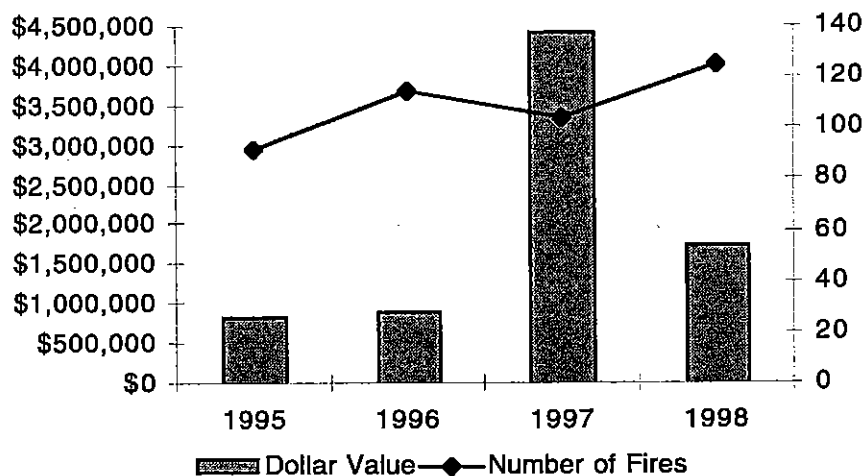
Note: Increased dollar loss in 1997 is attributed to two large fires. The dollar loss is estimated property loss as well as loss of business for the time a particular company is handicapped by the fire.

Beginning in FY 1994, the fire department staff began actively working with insurance adjusters to obtain the information needed to correctly calculate fire losses.

Urban Development

DEPARTMENT MISSION

To protect the public's health and welfare through the enforcement of the Town's building, plumbing, and electrical codes for the construction and maintenance of safe residential and commercial structures, and the inspection of restaurants, swimming pools, apartments, and vacant lots and the control of mosquitoes with spraying programs. The staff is also required to enforce Environmental Protection Agency regulations, and monitor transportation and disposal of liquid wastes.

PROGRAM NARRATIVE

Accomplishments for FY1998:

⧗ Election of inspector to the governing council for the Texas Environmental Health Association.

⧗ Worked with apartment managers to ensure all units were properly air conditioned due to abnormally hot summer.

⧗ Enhanced restaurant data base to better track progress with restaurant inspections.

⧗ Satisfactorily inspected following buildings which were completed or substantially completed:

Colonnade Third Office Tower - 385,000 sq. ft.

Corporate Centre Office Tower - 195,000 sq. ft.

Hanover Park Office Tower I - 200,000 sq. ft.

Addison Circle Office Tower - 303,000 sq. ft.

Hilton Garden Inn - 96 rooms

⧗ Inspected several new restaurants including Tokyo One Japanese Restaurant, Taco Cabana, Health Hut, and Blimpie's.

EXPENDITURES	Actual 1996-97	Budget 1997-98	Estimated 1997-98	Budget 1998-99
Personal Services	$314,918	$332,100	$334,020	$359,650
Supplies	10,734	14,350	11,300	15,800
Maintenance	6,133	40,150	37,750	45,340
Contractual Services	26,137	38,980	31,390	42,820
Capital Replacement/Lease	9,140	18,030	18,030	22,280
Capital Outlay	2,255	0	0	0
TOTAL Department Budget	$369,317	$443,610	$432,490	$485,890

STAFFING	Level	Budget 1995-96	Budget 1996-97	Budget 1997-98	Budget 1998-99
Official-Building	21 - E	1.0	1.0	1.0	1.0
Official-Environmental Services	21 - E	1.0	1.0	1.0	1.0
Inspector	11- N	3.0	3.0	3.0	3.0
Secretary	6 - N	1.0	1.0	1.0	1.0
TOTAL		6.0	6.0	6.0	6.0

NUMBER OF FOOD INSPECTIONS AND AVERAGE SCORES
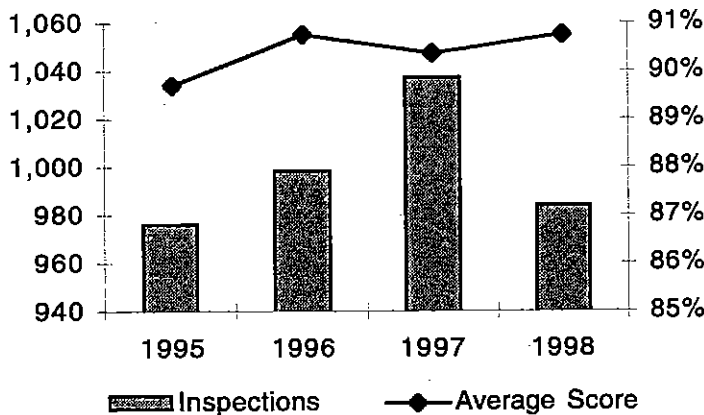
The Environmental Services Department grades each food establishment for sanitary conditions. Any score higher than 80% is acceptable. Establishments with lower scores are given 24 hours to correct any deficiencies depending upon their size and grade history. Restaurants are inspected two to six times each year.

Objectives for FY1999:

- ⧗ Update uniform housing code through the Town's code of ordinances.

- ⧗ Review and revise as necessary the Town's food service sanitation ordinances to acknowledge changes in State rules governing the handling of food by restaurants.

- ⧗ Ensure continued high quality construction of Addison Circle Phase II development with its 480 apartment units and 65,000 square feet of retail space.

- ⧗ Satisfactory inspection of planned Wingate Inn (96 rooms), and Marriott Courtyard (175 rooms).

Major Budget Items:

- ⧗ Mowing of private lots ($15,000 - amount is recovered through liens on property).

- ⧗ Demolition of Airoldi building to accommodate Morris Road construction ($15,000).

- ⧗ Department's contribution to Information Systems fund for computer maintenance and operation ($25,620) and amortization of computer equipment ($14,420).

ZONING CASES HANDLED
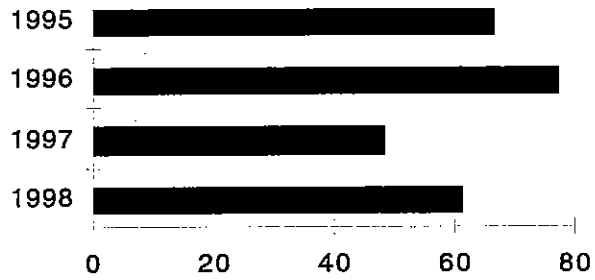
Development staff actively worked with developers and property owners to bring to Council zoning and plat requests within six weeks of initial application.

DISTRIBUTION OF PERMITS
1998

Other (17%) Building (40%)

Plumbing (5%)

Certificates of Occupancy (33%)   Electrical (5%)
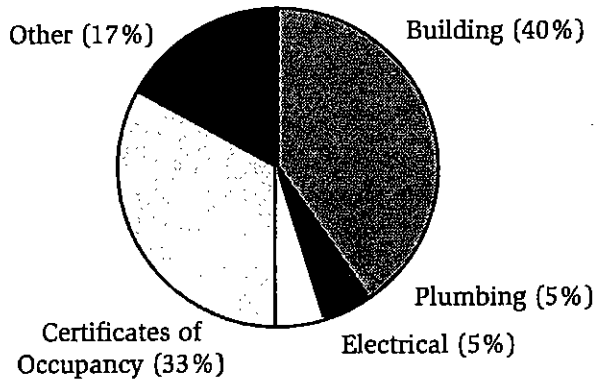
DOLLAR VALUE OF BUILDING AND PERMITS ISSUED

■ Residential   ▨ Commercial   —— Permits Issued

Streets

DEPARTMENT MISSION

The department has a multi-faceted mission which is comprised of the following components: 1) maintain the Town's streets at a level so that none of the estimated 150,000 vehicles which traverse the city'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 private waste haulers for the effective collection and recycling of residential waste; 6) humane enforcement of the Town's animal control and leash laws; and 7) supervise and coordinate the placement of all utility lines (e.g. electricity, natural gas, telecommunications, and cable) within Town right-of-ways to minimize the potential for disruption of utility services.

PROGRAM NARRATIVE

Accomplishments for FY1998:

- Assisted engineering staff with the completion of Addison Circle Phase One and the beginning of Addison Circle Phase Two, the Keller Springs Tunnel Project, the Midway/Dooley Traffic Signal Project, and Arapaho Road Construction Phase I.

- Provided inspection services for the Airport Water and Sewer Line Replacement Project, the Celestial Pump Station Upgrade Project, and the Town Hall Creek Sanitary Sewer Line Replacement Project.

RECYCLING

Tons of Material Collected
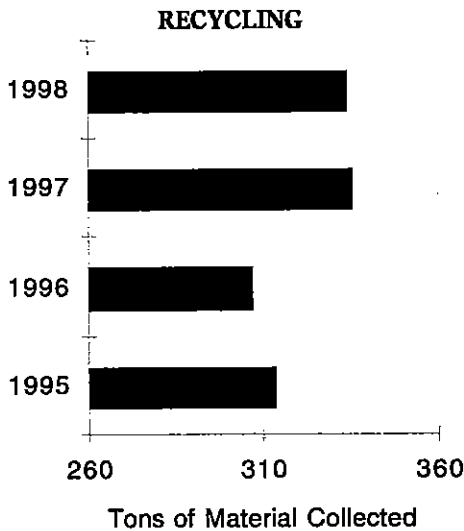
An average of 58% of the Town's households participated monthly in 1998, however, an estimated 80% of households participated sometime during the year.

- Updated the Street department's emergency response operations manual and interfaced procedures with the Utility department, and the Urban Development department.

- Coordinated and supervised the contracted construction of a sidewalk on the south side of Celestial Road between Celestial Place and Montfort Drive.

- Contracted the replacement of pavement markers (stop bars, arrows, and railroad crossing markings) on Belt Line Road and Midway Road.

Objectives for FY1999:

- Evaluate the impact Year 2000 technical problems may have on traffic signalization and develop plan for resolving the problems.

- Coordinate and supervise the contracting out of the following projects:

  Milling and overlay Brookhaven Club Drive, Sojourn Drive, and Airport Parkway

  Repair and overlay Lake Forest Drive and Sakowitz Drive.
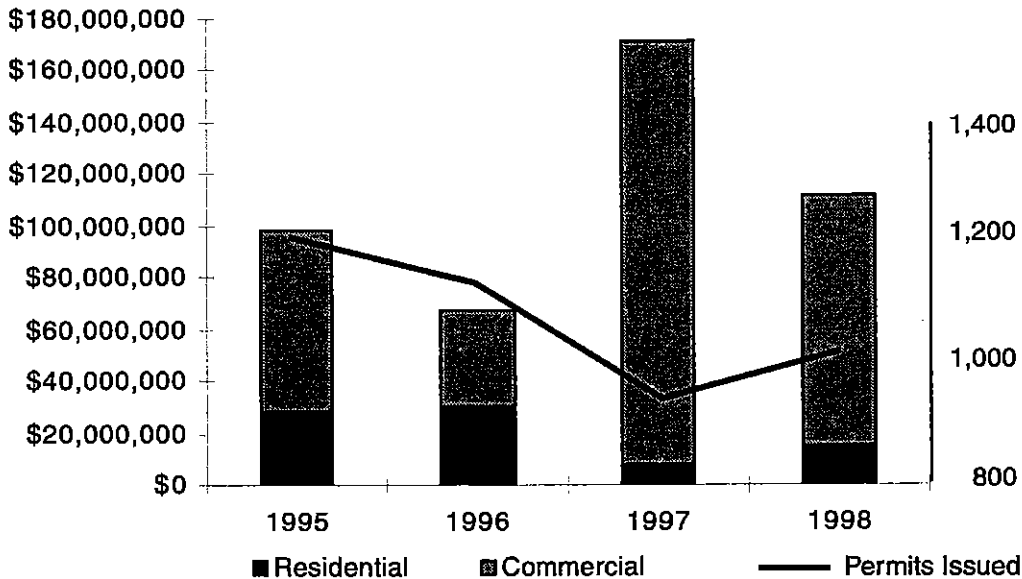
  Repair of minor pavement failures on various streets

  Major pavement repairs on Midway Road

  Joint sealing on Midway Road and Westgrove Drive

- Identify services critical to serving the community and evaluate how those services may be impacted by the Y2K issue. Develop contingency plan for providing critical services in the event of Y2K disruptions.

Major Budget Items:

- Electricity for street lights and signals ($170,000).

- Cost of contracting out garbage collection for residents ($220,000); amount is billed to residents and reported as part of General fund revenues.

- Contracted-out street sweeping ($48,000).

- Street sign and signal maintenance ($45,000).

- *Expanded Service Level* - Expanded scope of replacement and refurbishment of pavement markers (delineating traffic lanes, intersections and cross walks - $25,000).

EXPENDITURES	Actual 1996-97	Budget 1997-98	Estimated 1997-98	Budget 1998-99
Personal Services	$260,628	$265,300	$261,930	$277,020
Supplies	11,756	12,600	11,300	12,720
Maintenance	197,052	279,440	273,640	300,080
Contractual Services	492,895	464,150	463,190	485,850
Capital Replacement/Lease	12,770	20,420	20,420	24,310
Capital Outlay	0	0	3,050	0
TOTAL Department Budget	$975,101	$1,041,910	$1,033,530	$1,099,980

STAFFING	Level	Budget 1995-96	Budget 1996-97	Budget 1997-98	Budget 1998-98
Street Superintendent	19 - E	1.0	1.0	1.0	1.0
Inspector	11 - E	1.0	1.0	0.4	0.4
Crew Leader	8 - N	1.0	1.0	1.0	1.0
Technician-Signal/Sign	8 - N	1.0	1.0	1.0	1.0
Animal Control Officer/Maintenance	4 - N	1.0	1.0	1.0	1.0
Maintenance-I	1 - N	1.0	1.0	1.0	1.0
TOTAL		6.0	6.0	5.4	5.4

AVERAGE TRAVEL TIME ON BELT LINE ROAD (Two Miles Traveled)
GOAL: Maintain a peak time average of 6 minutes or less.
Maintain an off-peak time average of 5 minutes or less.

■Peak   ▧Offpeak
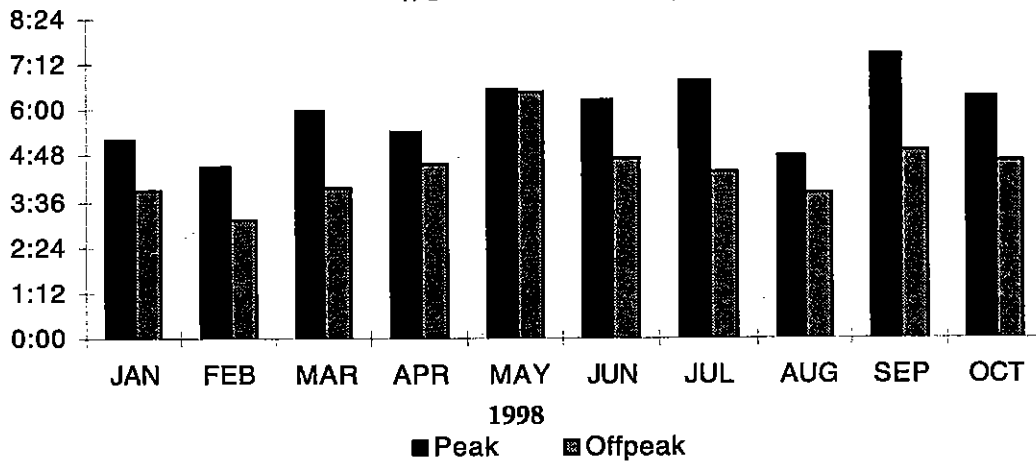
Belt Line Road is Addison's heaviest traveled thoroughfare handling an average of 58,554 cars a day. To evaluate the effectiveness of traffic signalization and intersection improvements, the Street Department measures the time it takes to travel between the Town's west and east boundaries. Peak time is lunch when Addison's restaurants are busiest.

Parks

DEPARTMENT MISSION

To preserve the Town's exceptional quality of life through the landscaping of the community's public and private properties. To accomplish its mission, the department supervises the construction and meticulous maintenance of parks, boulevard medians, jogging trails, and entrances to the Town. The department is also responsible for the strict enforcement of the landscaping ordinance which requires all commercial properties to enhance their buildings with landscaped areas.

The Parks and Recreation director provides general supervision to the Recreation department.

PROGRAM NARRATIVE

Accomplishments for FY1998:

Coordinated design and supervised construction of following projects:

- ⧗ Town Hall creek bank stabilization
- ⧗ Bosque Park
- ⧗ Completed landscape renovations projects including Mormon Lane (Midway Meadows), Belt Line Road medians, Marsh Lane medians, Brookhaven/Spring Valley intersection, Inwood Road right-of-way, Town Park, Oaks North Drive.
- ⧗ Completed replacement tree planting on Midway Road, Spring Valley Road, and Belt Line Road medians.
- ⧗ Supervised design of Arapaho Road/Quorum Drive streetscape master plan to create an urban district consistent with that of Addison Circle Drive and coordinated Addison Circle Phase II streetscape design and bidding.
- ⧗ Selected landscape architecture firms for the Addison Circle Esplanade Park and the Les Lacs Linear Park - Phase III projects.

- ⧗ Completed design and construction of a new playground and irrigation system in Addison Town Park, wrapping up a three-year capital program to renovate and update the park's amenities.
- ⧗ Completed design and implementation of the Addison Parks Foundation Master Plan to kickoff a marketing program for soliciting donations to the Foundation for community beautification projects.
- ⧗ Completed maintenance and repair projects which included refurbishment of the pavilion and storage building at Town Park, regrouting of the flagstone pathway at Quorum Park, and regrouting of the poetry step risers in Celestial Park, and replastering of the Quorum Park fountain.

Objectives for FY1999:

Supervise successful completion of the following projects:

- ⧗ Les Lacs Linear Park - Phase III
- ⧗ Addison Esplanade Park
- ⧗ Arapaho Road
- ⧗ Addison Circle - Phase II streetscape
- ⧗ Design and implement a landscape program for the Tollway from Westgrove Road to the city limit line south of Trinity Mills Road.
- ⧗ Identify functions needed to assist other departments with providing critical services to the community. Evaluate how those functions will be disrupted by the Y2K issue and develop appropriate contingency plans.

TASKS
Distribution by Total Work Hours
1998

Miscellaneous: Traffic Barricading, Travel Time, Training and Trash Pickup (17%)

Special Event Support (8%)

Tree and Shrub Hedge Maintenance (20%)

Turf and Bed Maintenance and Weed Control (40%)

Irrigation, Landscape Lighting and Fountain Maintenance (15%)
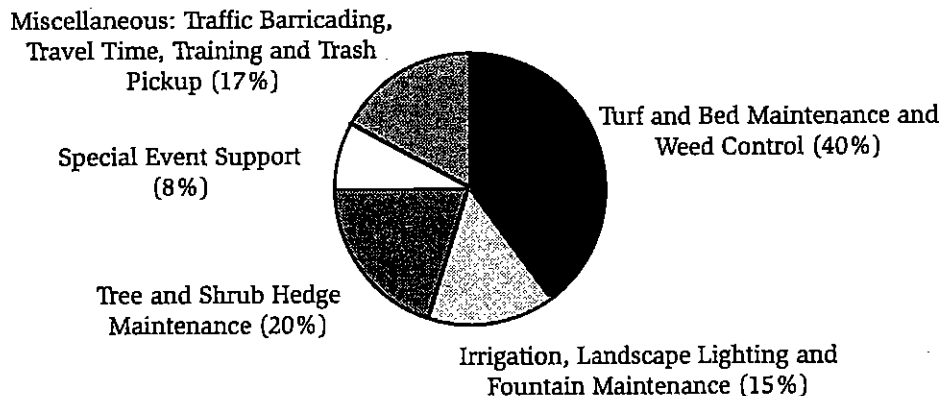
Major Budget Items:

- ⧖ Fertilizer, herbicides, pesticides, and planting materials installed by Parks staff ($81,000).

- ⧖ Contracting out of color bed planting ($85,000), landscaped mowing ($147,000), fountain maintenance ($10,000), and aquatic weed control at the Winnwood and Les Lacs lakes ($6,000).

- ⧖ Install new playground surfacing at the Addison/Trinity Joint-Use facility to replace the existing compacted surface ($15,000).

- ⧖ Electricity and water to irrigate park and easements ($209,000).

- ⧖ Third year of five-year citywide landscape renovation program including upgrades to Oaks North, North Midway Road medians, and Midway Meadows ($42,000).

- ⧖ *Expanded Service Level* - Complete repair/ maintenance projects, which include painting of the Winnwood gazebo, wood repair on decking at the Winnwood pond ($16,000).

- ⧖ *Expanded Service Level* - Install new decorative pavers in problem traffic areas on Keller Springs Road and Belt Line Road at the Tollway ($18,000).

EXPENDITURES	Actual 1996-97	Budget 1997-98	Estimated 1997-98	Budget 1998-99
Personal Services	$632,754	$699,970	$697,020	$752,490
Supplies	118,142	139,600	137,500	148,050
Maintenance	346,465	351,230	308,630	305,960
Contractual Services	368,865	412,400	393,800	412,400
Capital Replacement/Lease	22,370	32,300	32,650	36,800
Capital Outlay	8,887	54,800	51,000	15,100
TOTAL Department Budget	$1,497,483	$1,690,300	$1,620,600	$1,670,800

STAFFING	Level	Budget 1995-96	Budget 1996-97	Budget 1997-98	Budget 1998-99
Director-Parks & Recreation	26 - E	1.0	1.0	1.0	1.0
Manager-Parks	17 - E	1.0	1.0	1.0	1.0
Lead Crew Leader	10 - N	2.0	3.0	1.0	1.0
Crew Leader-Irrigation	8 - N	3.0	2.0	2.0	2.0
Crew Leader	8 - N	0.0	0.0	2.0	2.0
Secretary-Department	6 - N	1.0	1.0	1.0	1.0
Chemical Specialist	7 - N	1.0	1.0	1.0	1.0
Senior Grounds Keeper	4 - N	1.0	1.0	1.0	1.0
Grounds Keeper-III	3 - N	0.0	2.0	2.0	2.0
Grounds Keeper-II	2 - N	4.0	2.0	2.0	2.0
Grounds Keeper-I	1 - N	5.0	5.0	5.0	5.0
TOTAL		19.0	19.0	19.0	19.0

PARK MAINTENANCE

ACRES MAINTAINED

ACRES PER EMPLOYEE
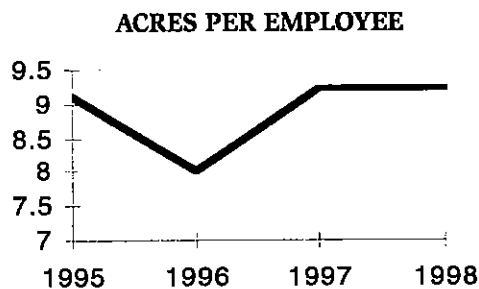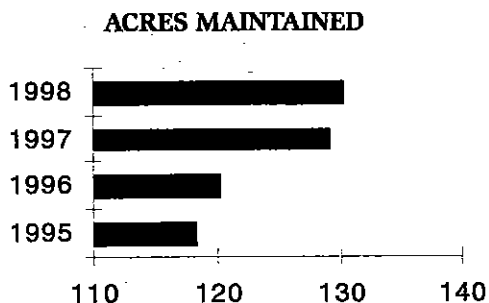
Acreage maintained increased due to the Town's acceptance of green-belt areas around the new Les Lacs subdivisions. The high acreage per employee ratios are attained through extensive contracting out of mowing services.

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 and Trinity Christian Academy joint-use park. Facilities at the Club include an indoor four lane lap-swim pool with whirlpool, four racquetball courts, a gymnasium, aerobics room, indoor running track, and two lighted outdoor tennis courts. The TCA park and field house, which are used jointly by the Academy and the Town, include a multi-use soccer field, baseball field, and lighted football field with a quarter-mile jogging track, a lighted softball field, and six lighted tennis courts. The field house contains a gymnasium and recreation room.

PROGRAM NARRATIVE

Accomplishments for FY1998:

- Increased resident usage of Trinity Athletic Complex by approximately 23% compared to last fiscal year.

- Expanded the Pacesetters senior activity group by offering more programs and increasing the capacity per activity by providing a rented 25-passenger bus for selected outings.

- Completed major projects including wood floor renovation, carpet replacement, tennis court resurfacing, indoor track resurfacing.

Objectives for FY1999:

- Re-assess community needs regarding programs and facilities through surveys and offer three to five new activities or programs per quarter.

- Establish new marketing techniques for recreation programs.

- Continue to complete equipment and building repairs in a timely manner through preventative maintenance, efficient communication and tracking.

- Increase the amount of Cardiovascular and Weight training equipment available to members at the Athletic Club and the Trinity Athletic Complex.

- Identify functions needed to assist other departments with providing critical services to the community. Evaluate how those functions will be disrupted by the Y2K issue and develop appropriate contingency plans.

Major Budget Items:

- Routine maintenance of the facility ($21,500) and contracted cleaning of locker room areas ($10,500).

- Maintenance costs associated with painting of indoor track area ($7,500).

- Costs associated with printing and mailing the quarterly newsletter, *Accolade* ($15,500).

- Utility costs associated with operation of the Addison Athletic Club (AAC) ($124,000).

- Referee and instructor fees. (Costs recovered through charges to participants reflected as General fund revenue – $30,000.)

- Capital outlay includes four additional Cybex weight machines ($13,500) and replacement stationary bicycles ($9,600).

- *Expanded Service Level* - Multi-station weight machine at Trinity Athletic Complex ($14,000).

ATHLETIC CLUB PARTICIPANTS IN SCHEDULED EVENTS
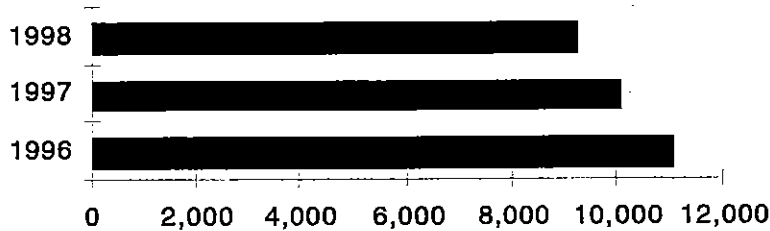
ATHLETIC CLUB MEMBERS
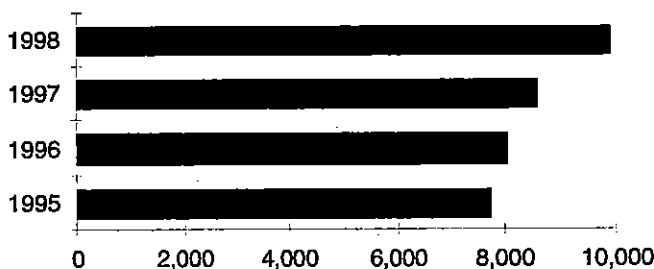
Membership growth in the past four years is attributed to new residents in the Les Lacs subdivision. Because the club was constructed for ultimate build-out of the area, the club has been able to accommodate the growth without a significant increase in the operating expenditures.

EXPENDITURES	Actual 1996-97	Budget 1997-98	Estimated 1997-98	Budget 1998-99
Personal Services	$353,695	$365,740	$377,820	$395,850
Supplies	58,227	46,920	47,000	55,950
Maintenance	332,772	195,270	178,750	93,710
Contractual Services	178,392	197,280	174,050	196,610
Capital Replacement/Lease	5,310	22,480	22,480	23,670
Capital Outlay	46,738	5,800	5,400	37,100
TOTAL Department Budget	$975,134	$833,490	$805,500	$802,890

STAFFING	Level	Budget 1995-96	Budget 1996-97	Budget 1997-98	Budget 1998-99
Manager-Recreation	17 - E	1.0	1.0	1.0	1.0
Supervisor	9 - N	2.0	2.0	2.0	2.0
Coordinator	7 - N	2.0	2.0	2.0	2.0
Clerk	4 - N	1.0	1.0	1.0	1.0
Custodian	1 - N	1.0	1.0	1.0	1.0
Porter	0 - N	1.0	1.0	1.0	1.0
Recreation Aide	0 - N	3.0	3.0	3.0	3.0*
TOTAL		11.0	11.0	11.0	11.0

*The Recreation Aides include one full-time postion, three part-time positions and two seasonal (12 weeks) positions.

ADDISON ATHLETIC CLUB FACILITY USAGE
(number of visits)
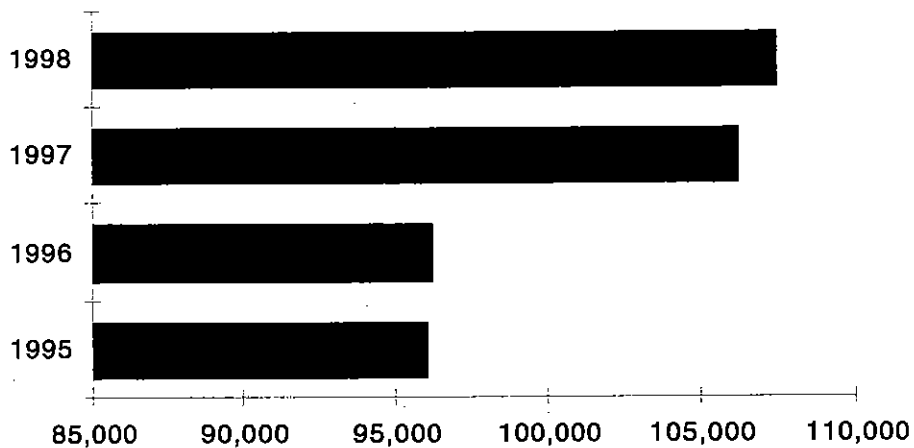
Addison!®

Measuring Achievement!
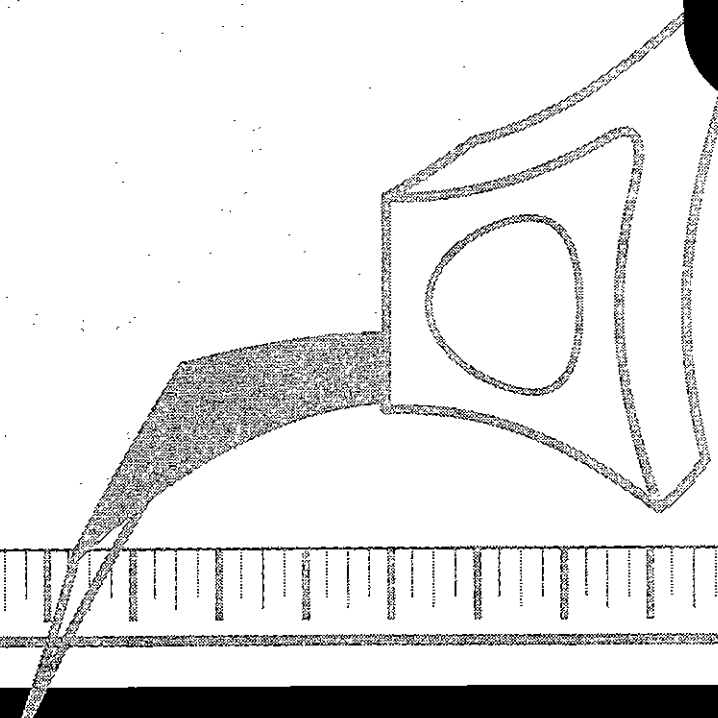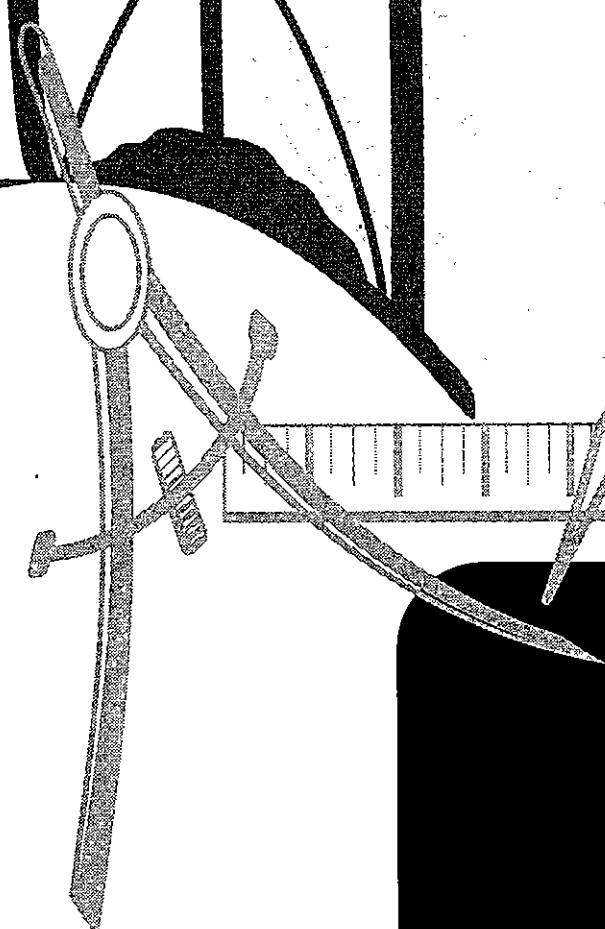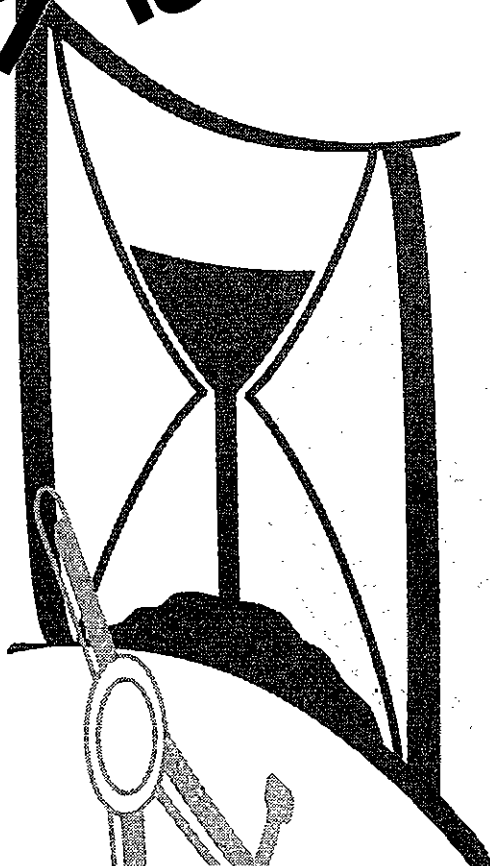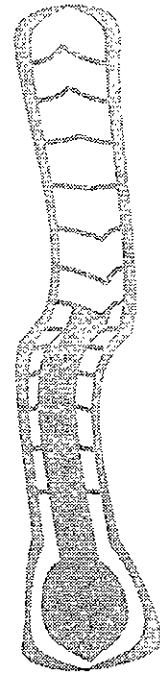
Town of Addison

SPECIAL REVENUE FUNDS

FUND DESCRIPTION

The Hotel fund accounts for the use of Hotel/Motel Occupancy tax revenue generated by the Town's fifteen hotels (representing 2,966 rooms) which is restricted by State legislation to directly enhancing and promoting tourism and the convention and hotel industry.

FUND NARRATIVE

The fund is expected to conclude the 1998 fiscal year with revenues exceeding budgeted amounts by over $406,000. Most of the increase is due to hotel occupancy taxes which increased 3.3% over the prior year. The fund also realized gains from rental of the Conference Centre and Theatre facilities. Total fund expenditures are estimated to be only 75% of budget. The greatest difference is in capital projects which had budgeted $1,155,000 for the purchase of vacant land to expand the Conference Centre site to accommodate special events. Due to delays in negotiating purchase of several lots, only a portion was spent. Special Events is expected to overspend its original appropriations by 5.6% because of the larger scope of the Taste Addison and Oktoberfest events. Ending fund balance is projected to be over $1.7 million more than budgeted.

The Hotel fund budget for FY1998-99 anticipates a $813,800 increase in revenues compared to the 1997-98 budget. Again, hotel occupancy tax is fueling the increase in revenues based on the addition of another 271 rooms associated with completion of Hilton Garden Inn and another Marriott Courtyard during the fiscal year as well as a modest increase in revenues from other hotels. Expenditures of $5,286,780 represent an increase of 17% over the previous budget. The increase in expenditures is due primarily to the purchase of property adjacent to the Conference Centre and associated landscaping. The Special Events budget has also been increased to attract greater attendance at the events. The $6 million ending fund balance, excluding the 25% minimum balance requirements, has been designated by Council for improvements to the special event property.

Hotel Fund

STATEMENT OF REVENUES AND EXPENDITURES

|	Actual 1996-97	Budget 1997-98	Estimated 1997-98	Budget 1998-99
BEGINNING BALANCE	$ 2,794,666	$ 4,440,830	$ 4,629,810	$ 6,086,610
REVENUES:				
Hotel/Motel occupancy taxes	4,453,949	4,300,000	4,600,000	4,850,000
Proceeds from special events	190,580	176,000	188,000	297,000
Conference centre rental	145,048	152,500	161,000	201,500
Theatre centre rental	42,585	50,000	50,000	50,000
Interest earnings and other	170,650	166,200	252,000	260,000
TOTAL REVENUES	5,002,812	4,844,700	5,251,000	5,658,500
TOTAL AVAILABLE RESOURCES	7,797,478	9,285,530	9,880,810	11,745,110
EXPENDITURES:				
Administration/marketing	809,299	1,249,960	813,830	1,441,130
Special events	1,036,024	1,060,180	1,119,200	1,201,630
Conference centre	446,562	591,290	569,520	630,370
Theatre centre	404,721	449,200	440,650	468,650
Capital projects	29,594	1,155,000	426,000	1,545,000
TOTAL EXPENDITURES	2,726,200	4,505,630	3,369,200	5,286,780
OTHER FINANCING USES:				
Transfer to debt service fund	441,473	425,000	425,000	415,000
TOTAL OTHER FINANCING USES	441,473	425,000	425,000	415,000
ENDING FUND BALANCE	$ 4,629,805	$ 4,354,900	$ 6,086,610	$ 6,043,330

Hotel Fund

DEPARTMENT MISSION

The mission of the Visitor Services department is *to attract business and leisure travelers to the Town*. This mission is established to generate business for the Town's fifteen hotels and motels and numerous restaurants. The department intends to accomplish its mission through an effective marketing campaign designed to emphasize the Town's product, brand equity and advertising and the production of high quality special events. The department will utilize the brand asset model to evaluate the competitive performance of the Town of Addison relative to its brand assets.

PROGRAM NARRATIVE

Accomplishments for FY1998:

- ⧗ Published and placed Addison & North Dallas Corridor Visitor's Guide.

- ⧗ Filled the vacant Director of Visitor Services position.

- ⧗ Successfully negotiated the acquisition of land for future expansion of Conference and Theatre Centre and for Special Events.

Goals for FY1999:

- ⧗ Develop a long-term plan for Visitor Services activities and maintain a strong working relationship with Addison's hotel community

- ⧗ Work with Addison hotels to increase conference and convention business. This will be accomplished, in part, through the Hotel Support program which supplements the hotels/motels promotional efforts to attract groups to Addison.

- ⧗ Enhance the identity of Addison as a destination market.

- ⧗ Identify functions needed to assist other departments providing critical services to the community. Evaluate how those functions will be disrupted by the Y2K issue and develop appropriate contingency plans.

Major Budget Items:

- ⧗ Funding for general marketing of the Town ($606,500).

- ⧗ Funding of the hotel support program ($200,000) which supplements hotel/motel efforts to attract conference and convention business.

- ⧗ Printing of Addison History Book ($30,000) and related historical research services ($5,000).

- ⧗ Consultant services ($50,000) related to developing a streetscape plan for Belt Line Road.

HOTEL ROOM NIGHTS GENERATED FROM ADDISON CONFERENCE AND THEATRE CENTRE
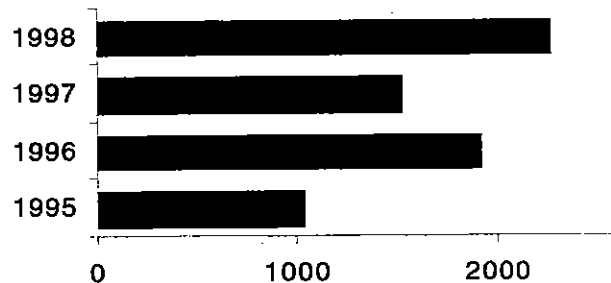
EXPENDITURES	Actual 1996-97	Budget 1997-98	Estimated 1997-98	Budget 1998-99
Personal Services	$110,242	$178,970	$157,380	$206,540
Supplies	20,419	28,250	24,570	34,250
Maintenance	1,020	17,180	20,930	18,700
Contractual Services	674,153	1,015,700	606,590	1,164,300
Capital Replacement/Lease	0	4,360	4,360	17,340
Capital Outlay	3,465	5,500	0	0
TOTAL Department Budget	$809,299	$1,249,960	$813,830	$1,441,130

STAFFING	Level	Budget 1995-96	Budget 1996-97	Budget 1997-98	Budget 1998-99
Director-Visitor Services	26 - E	1.0	1.0	1.0	1.0
Manager-Public Relations	14 - E	0.7	0.7	0.7	0.7
Assistant	6 - N	0.0	1.0	1.0	1.0
TOTAL		1.7	2.7	2.7	2.7

Administration/Marketing

Special Events

DEPARTMENT MISSION

The mission of the Special Events department is to *produce special events to attract tourists and enhance the Town's product and brand equity*.

PROGRAM NARRATIVE

Accomplishments for FY1998:

Successfully produced the following special events:

- Taste Addison, A two-day event featuring some of Addison's finest restaurants street side at the Addison Conference and Theatre Centre. This May event also features national, regional and local musical entertainment.
  - Estimated attendance: 26,750
  - Revenue up 56%: $78,050
  - In-kind Contributions up 398%: $119,500
  - Generated approximately $250,000 for restaurant community

- Kaboom Town, Addison's Fourth of July Celebration marked by a high quality fireworks and laser light show that was simulcast to music and broadcast live by KDMX, 102.9, one of Dallas' top FM radio stations.
  - Estimated attendance : 75,000 - 100,000
  - Revenue up 22%:
  - In-kind Contributions up 30%

- Oktoberfest, a four-day event featuring authentic German food, beverage and entertainment along with children's activities and a carnival.
  - Estimated attendance: 34,000 people
  - Revenue: 4% increase
  - $129,405 In-kind Contributions
  - Generated $297,209 for hotel community

Goals for FY1999:

- Offer high quality, family-oriented events that will attract visitors.
- Encourage hotel participation and provide assistance in booking weekend business.
- Seek to produce events in a cost-effective manner through sponsorship, vendor fees and admission fees.
- Seek activities that will enhance the overall event experience.

Major Budget Items:

- Advertising of special events - Oktoberfest ($65,000), Kaboom Town ($37,000), Taste Addison ($65,000), Spikefest ($40,000), and Weekend to Wipe Out Cancer Run ($15,000).
- Costs of conducting special events include $435,120 for Oktoberfest, $71,200 for Kaboom Town, and $206,240 for Taste Addison.

TASTE ADDISON & OKTOBERFEST
Attendance
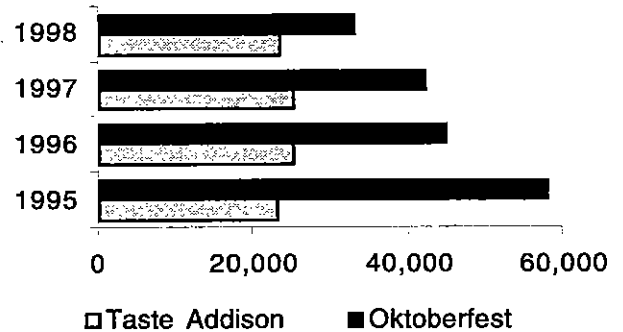
EXPENDITURES	Actual 1996-97	Budget 1997-98	Estimated 1997-98	Budget 1998-99
Personal Services	$ 269,921	$247,500	$278,570	$322,330
Supplies	16,764	32,600	28,050	32,000
Maintenance	27,201	25,630	20,780	24,000
Contractual Services	722,138	753,000	790,350	821,700
Capital Replacement/Lease	0	1,450	1,450	0
Capital Outlay	0	0	0	1,600
TOTAL Department Budget	$1,036,024	$1,060,180	$1,119,200	$1,201,630

STAFFING	Level	Budget 1995-96	Budget 1996-97	Budget 1997-98	Budget 1998-99
Manager-Special Events	15 - E	1.0	1.0	1.0	1.0
Coordinator-Special Events	7 - N	1.0	0.0	0.0	0.0
Intern	0 - N	0.0	0.0	0.0	0.5
TOTAL		2.0	1.0	1.0	1.5

DEPARTMENT MISSION

The mission of the Conference Centre/Theatre is to *increase hotel room bookings by providing additional meeting facilities.*

PROGRAM NARRATIVE

Accomplishments for FY1998:

- ⌛ Updated communications system within meeting rooms to accommodate additional telephone lines for computers.

- ⌛ Implemented computer software to automate many office procedures and booking functions.

- ⌛ Added power capabilities to meeting rooms to support additional presentation equipment.

- ⌛ Generated approximately 2,253 room nights for Addison hotels a 25% increase over the year prior.

- ⌛ Created boardroom facility adjacent to Visitor Services offices to expand space for meetings.

- ⌛ Renovated Stone Cottage to expand capabilities for hosting meetings and small theatrical performances.

Goals for FY1999:

- ⌛ Increase room rental revenue by 15%.

- ⌛ Generate 25% more hotel room nights.

- ⌛ Work with limited service hotels to help them better utilize the space and generate room nights for their properties.

Major Budget Items:

- ⌛ Utilities related to operation of the facilities ($96,300).

- ⌛ Furnishing of new boardroom facility ($5,500) and Stone Cottage ($8,100).

- ⌛ Stone walkway to Stone Cottage ($20,000).

- ⌛ Capital outlay includes a cable breakout to accommodate computer trade shows, security system for Stone Cottage ($3,200), computer scanner ($1,200).

SQUARE FOOTAGE RENTED
(Thousands of Square Feet)
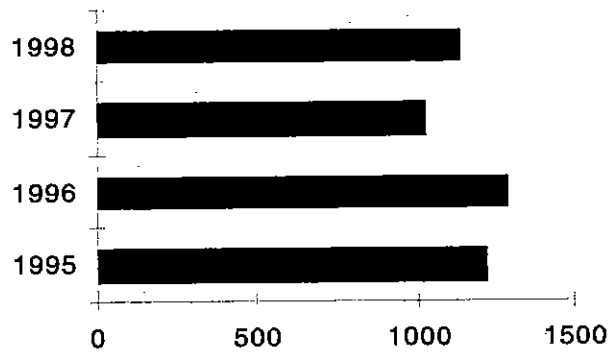
EXPENDITURES	Actual 1996-97	Budget 1997-98	Estimated 1997-98	Budget 1998-99
Personal Services	$224,721	$268,670	$272,130	$294,630
Supplies	34,783	61,900	58,220	59,200
Maintenance	52,424	90,810	77,210	66,600
Contractual Services	120,310	146,100	147,750	166,400
Capital Replacement/Lease	0	5,810	5,810	17,340
Capital Outlay	14,324	18,000	8,400	26,200
TOTAL Department Budget	$446,562	$591,290	$569,520	$630,370

STAFFING	Level	Budget 1995-96	Budget 1996-97	Budget 1997-98	Budget 1998-99
Manager	17 - E	1.0	1.0	1.0	1.0
Coordinator-Facilities	13 - N	1.0	1.0	1.0	1.0
Technician	13 - N	0.5	0.5	0.5	0.5
Supervisor-Client Services	8 - N	0.0	0.0	1.0	1.0
Assistant-Conference Centre	7 - N	1.0	1.0	1.0	1.0
Houseman	3 - N	1.0	1.0	1.0	1.0
Custodian	1 - N	1.0	1.0	1.0	1.0
TOTAL		5.5	5.5	6.5	6.5

Conference Centre

Theatre Centre

DEPARTMENT MISSION

The mission of the Theatre is to *enhance the Town's product and brand equity by establishing a popular venue for the performing arts and producing high quality theatrical and musical performances.*

Accomplishments for FY1998:

- ⧗ Increased operating revenue by 16%.

- ⧗ Hosted Playwrights Project Theatre Crawl, a showcase of new plays allowing three playwrights to have their works produced before an audience.

- ⧗ Increased sound quality in theatre by installing mini disk system.

- ⧗ Added sound system to lobby and made greater use of lobby for social functions.

Goals for FY1999:

- ⧗ Increase use of space by attracting and creating new events.

- ⧗ Attract small theatre companies to use the Stone Cottage.

- ⧗ Develop a Summer Theatre Festival.

Major Budget Items:

- ⧗ Funding for cultural arts which includes contributions to:

   WaterTower Theatre Inc. ($330,000) for producing at least five theatrical events in the Town's facility and conducting the ACTII youth theatre.

   North Texas Film Commission ($21,000) for services related to promoting the Town as a venue for filming of motion pictures.

   Brookhaven College Center for the Arts ($7,500) to expand the number of performances, concentrating on attracting nationally recognized artists.

   Metrocrest Symphony to conduct concerts at the Conference/Theatre facility ($5,800).

NUMBER OF SEASON TICKET HOLDERS
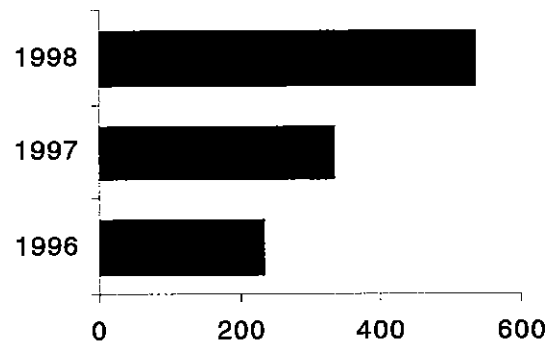
EXPENDITURES	Actual 1996-97	Budget 1997-98	Estimated 1997-98	Budget 1998-99
Personal Services	$ 21,302	$28,590	$27,990	$30,750
Supplies	8,861	8,500	10,900	13,950
Maintenance	14,549	37,280	29,930	35,000
Contractual Services	350,111	360,380	361,680	376,620
Capital Replacement/Lease	0	1,450	1,450	5,630
Capital Outlay	9,898	13,000	8,700	6,700
TOTAL Department Budget	$404,721	$449,200	$440,650	$468,650

STAFFING	Level	Budget 1995-96	Budget 1996-97	Budget 1997-98	Budget 1998-99
Technical Coordinator	13 - N	0.5	0.5	0.5	0.5
TOTAL		0.5	0.5	0.5	0.5

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Airport Fund

FUND DESCRIPTION

The Town of Addison owns a general aviation airport, which the Town considers to be one of the greatest assets of the community. The Airport is a single runway facility and is ranked by the Federal Aviation Administration as the busiest airport of its kind. The airport is home to over 230 aircraft valued at $135 million and houses several FBO's (fixed base operations) which provide fuel and maintenance services. The airport is used extensively by corporate executives who wish to conduct business in offices located in the north Dallas area. Under a long-term arrangement which concludes 12/31/2000, the Town has contracted with Addison Airport of Texas, Inc. (AATI) to operate and maintain the airport with the Town receiving the greater of 3% of gross revenues received by AATI or $9,584 per month. The Town receives all fuel flowage revenue (tax on fuel dispensed at airport) to fund maintenance and capital improvement programs.

FUND NARRATIVE

Revenues for FY1998 are expected to exceed budget by approximately 10%, primarily due to a $400,000 reimbursement by the North Texas Tollway Authority for rights-of-way acquired by the Town for the Keller Springs Toll Tunnel[1]. Expenditures are estimated to be $1.75 million less than budgeted due to delays in acquiring additional airport property to replace the land taken by construction of the toll tunnel. That property acquisition is expected to be completed during the 1999 fiscal year and will be funded with proceeds from the November, 1997 sale of $2 million of certificates of obligation. Ending fund balance is almost $2 million more than budgeted but the excess funds will be applied to the acquisition of the replacement property in the 1999 fiscal year.

For the 1998-99 budget year, grant revenues will be collected to fund completion of the taxiway project. Based on the trend of the past two years, fuel flowage fees are expected to increase about five percent. As noted above, expenditures will be dominated by the land purchase. The budget also includes $250,000 dedicated to address environmental concerns identified by the Town's environmental site assessment and the action plan developed by AATI. The largest single component of this line item is construction of a spill containment system at the airport's fuel farm ($70,000). Maintenance expenditures are budgeted to increase almost 40% due to the Town's contribution to the Upkeep fund. Much of the increase is due to modifying the plumbing in hangers so that all wastewater discharge is directed to the Town's wastewater system instead of the storm water system; this item is part of the airport's environmental action

plan. Ending fund balance is projected to be $428,870. Major budget items are the Town's support of AATI's maintenance program ($592,250), the customs agent ($88,000), and consultant services ($50,000) related to selecting an operator of the airport following expiration of the current operating agreement.

Accomplishments for FY1998:

- ☒ Completed Airport 2001 Committee report which resulted in recommendations for establishing an optimal relationship with a new airport operator, including criteria to be used in selecting a new operator.

- ☒ Completed environmental assessment which was used by AATI to develop an action plan for addressing any contaminated sites at the airport prior to expiration of current operating agreement.

- ☒ Coordinated with North Texas Tollway Authority construction of the toll tunnel under the airport with minimal disruption of airport operations.

- ☒ Approved new ground lease policy to encourage high quality development on the airport.

Goals for FY1999:

- ☒ Hire consultant to assist in developing a bid process for selecting a new airport operator.

- ☒ Rectify all environmental Priority 1 sites.

- ☒ Conclude acquisition of additional airport property.

- ☒ Conduct major asphalt repairs and seal coat taxiways P through T.

- ☒ Identify services critical to serving the community and evaluate how those services may be impacted by the Y2K issue. Develop contingency plan for providing critical services in the event of Y2K disruptions.

NUMBER OF CUSTOMS CLEARINGS
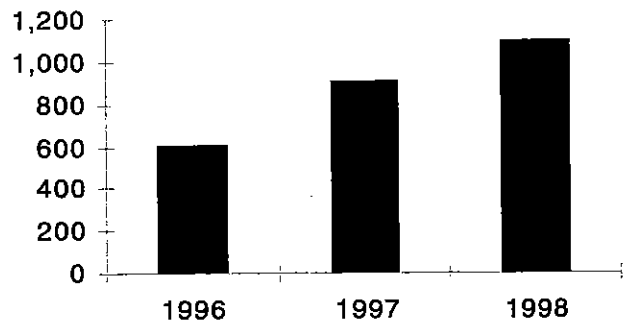
The Town's funding of a customs agent in late 1994 has been successful. Customs inspections have significantly increased the past two years reflecting the airport's growing popularity as a destination for international flights.

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[1] For a description of the Toll Tunnel project, please refer to the Sector 4 narrative of the Town Chronicle section of this document.

Airport Fund
STATEMENT OF REVENUES AND EXPENDITURES

	Actual 1996-97	Budget 1997-98	Estimated 1997-98	Budget 1998-99
BEGINNING BALANCE	$ 454,044	$ 629,710	$ 325,200	$ 2,666,110
REVENUES:				
Federal / State grants	52,942	2,119,500	2,120,440	562,500
Texas Turnpike Authority	900,000	0	400,000	0
Fuel flowage fees	706,914	700,000	750,000	785,000
Rental	105,908	115,000	115,000	115,000
Bond proceeds	0	2,000,000	2,020,700	0
Interest earnings and other	12,163	12,000	50,000	35,000
TOTAL REVENUES	1,777,927	4,946,500	5,456,140	1,497,500
TOTAL AVAILABLE RESOURCES	2,231,971	5,576,210	5,781,340	4,163,610
EXPENDITURES:				
Airport Administration:				
Personal services	44,392	49,190	54,040	54,640
Supplies	1,528	2,300	2,750	5,900
Maintenance	402,596	426,480	426,480	593,000
Contractual services	158,318	180,320	237,800	221,200
Capital equipment and projects -				
FAA funded	75,605	2,200,000	2,355,500	625,000
Other	1,224,332	2,010,000	38,660	2,235,000
TOTAL EXPENDITURES	1,906,771	4,868,290	3,115,230	3,734,740
ENDING FUND BALANCE	$ 325,200	$ 707,920	$ 2,666,110	$ 428,870

STAFFING	Level	Budget 1995-96	Budget 1996-97	Budget 1997-98	Budget 1998-99
Director-Public Works	26 - E	0.3	0.3	0.3	0.3
TOTAL		0.3	0.3	0.3	0.3

AIRPORT OPERATIONS

NUMBER OF TAKE-OFFS AND LANDINGS

AVERAGE VALUE OF AIRCRAFT ON TAX ROLL AND NUMBER OF AIRCRAFT ON TAX ROLL

— NUMBER OF AIRCRAFT
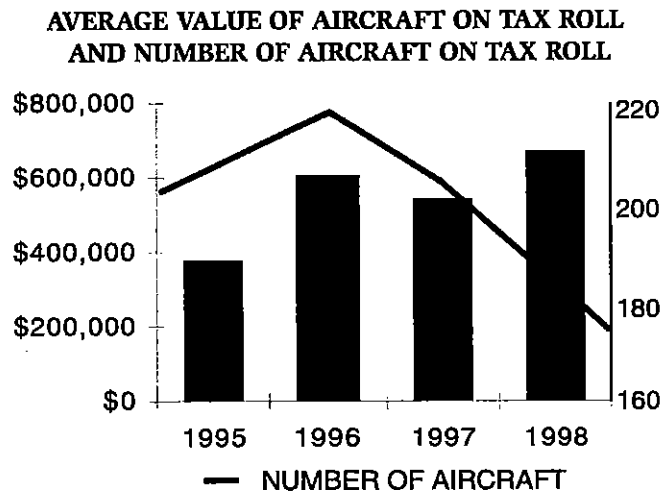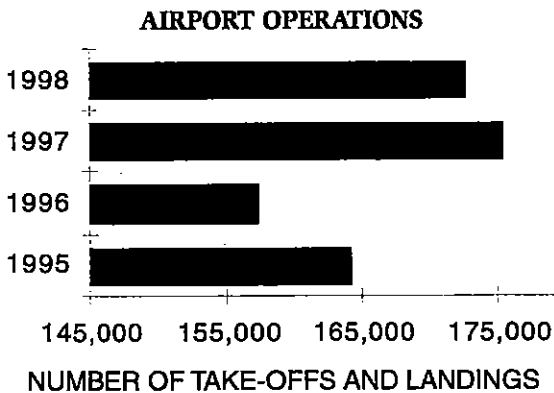
Changes in interpretation of state tax laws have encouraged aircraft owners to claim their aircraft only for personal purposes, thereby, exempting the aircraft from property taxes.

Other Special Revenue Funds

FUND DESCRIPTION

The **Police Forfeiture fund** is used to account for awards of monies or property by the courts relating to cases which involved the Addison Police department. According to Chapter 59, Article 6, Paragraph (d) of the 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"*.

The **Arbor fund** is used to account for transactions related to the Addison Parks Foundation, a Texas non-profit corporation organized to promote the public park system and parks and recreation programs of the Town of Addison through donations and gifts from the public as well as recycling revenue recovered from Addison businesses and residents.

FUND NARRATIVE

Police Forfeiture Fund:

As in previous years the fund appropriates monies for special narcotics and vice investigations as well as equipping the Police department's Warrant Entry Team (WET). Major budget items include:

- ⌛ Special tactical training for WET members ($9,500).
- ⌛ Weapons and communications systems ($8,500).

Arbor Fund:

- ⌛ Develop and distribute Foundation brochures including donation cards for unspecified projects.
- ⌛ Identify an improvement project for the year and provide partial funding from the Foundation to kick off the program.

Police Forfeiture Fund

STATEMENT OF REVENUES AND EXPENDITURES

	Actual 1996-97	Budget 1997-98	Estimated 1997-98	Budget 1998-99
BEGINNING BALANCE	$ 20,694	$ 32,990	$ 66,390	$ 45,890
REVENUES:				
Court awards	53,608	30,000	9,500	10,000
Interest earnings and other	12,176	1,000	1,500	1,000
TOTAL REVENUES	65,784	31,000	11,000	11,000
TOTAL AVAILABLE RESOURCES	86,478	63,990	77,390	56,890
EXPENDITURES:				
Supplies	5,394	22,320	8,800	10,800
Contractual services	7,691	11,080	8,500	19,500
Capital outlay	7,000	10,800	14,200	0
TOTAL EXPENDITURES	20,085	44,200	31,500	30,300
ENDING BALANCE	$ 66,393	$ 19,790	$ 45,890	$ 26,590

Arbor Fund

STATEMENT OF REVENUES AND EXPENDITURES

	Actual 1996-97	Budget 1997-98	Estimated 1997-98	Budget 1998-99
BEGINNING BALANCE	$ 13,460	$ 0	$ 16,650	$ 15,250
REVENUES:				
Recycling proceeds	2,981	0	2,750	2,800
Contributions	0	0	210	0
Interest and income	214	0	540	550
TOTAL REVENUES	3,195	0	3,500	3,350
TOTAL AVAILABLE RESOURCES	16,655	0	20,150	18,600
EXPENDITURES:				
Supplies	0	0	0	2,500
Contractual services	5	0	4,900	7,500
TOTAL EXPENDITURES	5	0	4,900	10,000
ENDING BALANCE	$ 16,650	$ 0	$ 15,250	$ 8,600

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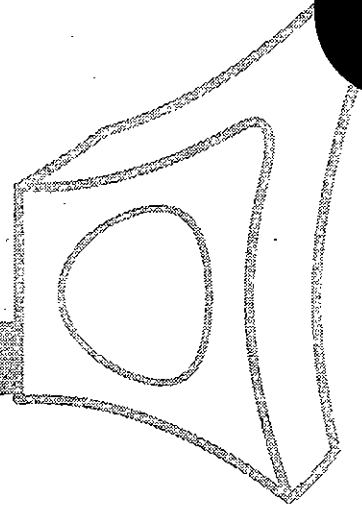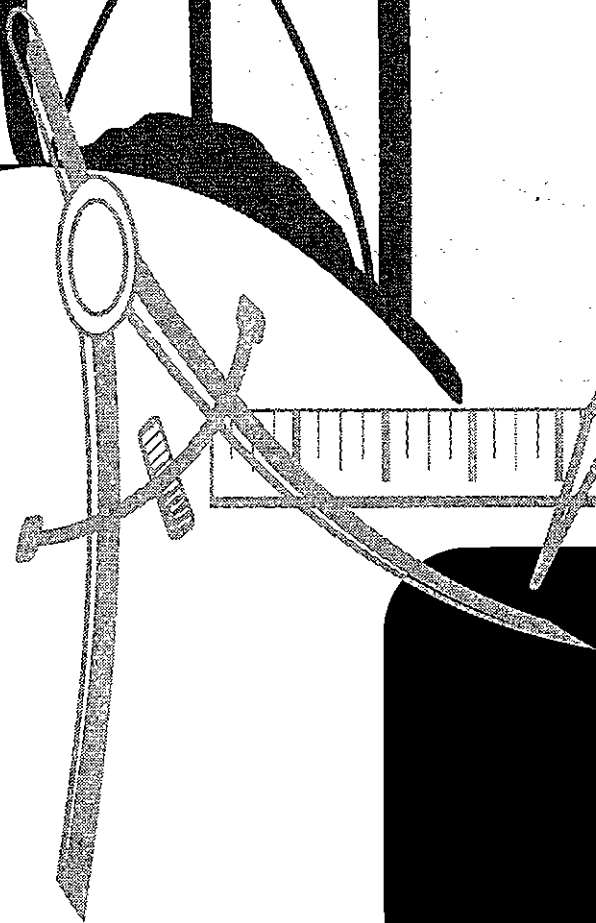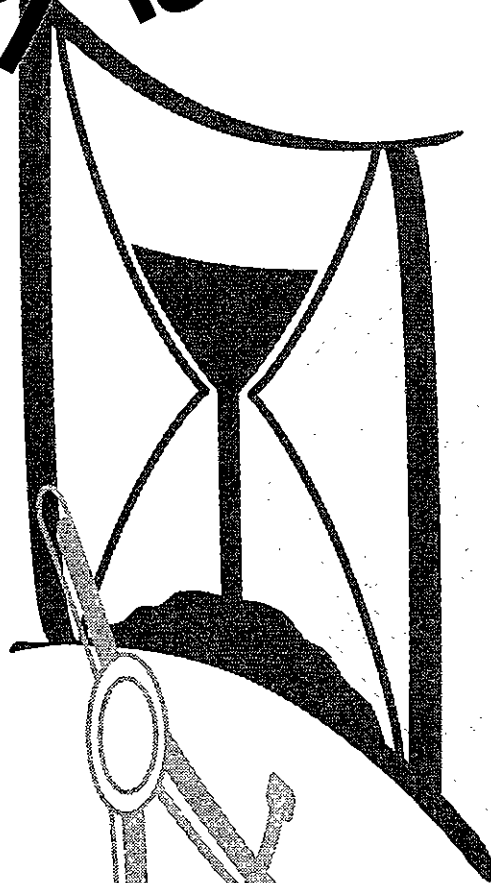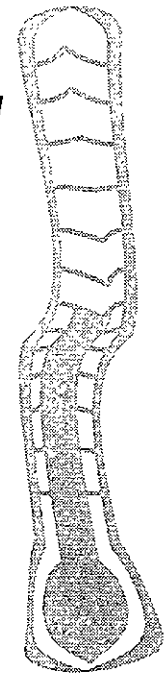
Town of Addison

DEBT SERVICE FUNDS

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 which will be sufficient to produce the money to satisfy annual debt service requirements. General obligation bonds of the Town carry an "A1" rating from Moody's Investor's Service and an A+ from Standard & Poor's Ratings Service.

FUND NARRATIVE

Debt played a large role in the development of Addison during the late 1970's and early 1980's. Much of the general obligation debt currently outstanding was issued between 1980 and 1985 to accommodate the rapid commercial development experienced by Addison and the rest of the north Dallas area[1]. At the end of 1986, the Town's total outstanding general obligation debt totaled over $51 million. Shown below is the Town's debt position as of the beginning of FY1999.

Total outstanding general obligation debt	$ 43,227,372
Less amount allocated to Utility enterprise fund	16,758,762
Net outstanding general obligation debt	$ 26,468,610

Because so much debt was incurred in the past, the Town has adopted two policies to limit debt issued in the future. First, as part of the long-term financial plan[2] adopted for the General fund, *the Town intends to utilize surplus operating funds to support capital projects.* 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 fifteen years in order to rapidly retire outstanding debt[3].*

These debt policies were followed in development and approval of the FY1999 budget. The budget reflects a General fund transfer of $550,000 to the Streets capital project fund to rehabilitate asphalt thoroughfares and improve railroad crossings, Addison Circle urban district, and to supplement prior year appropriations for the Addison Circle Rotary Park.

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 levy of $1.50 per $100 of valuation, based on 90% collection of the tax. Assuming the maximum tax rate for debt service of $1.50 on the 1998 taxable assessed valuation of $2,500,958,613 at 90% collection, tax revenue of $33,762,941 would be produced. This revenue could service the debt of $350 million issued as 5%, 15 year serial bonds which is more than *$323 million* greater than the Town's outstanding obligations.

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[1] For more information relating to the development of Addison, please refer to the Town Chronicle section.

[2] For more information regarding the long-term financial plan, please refer to Appendix D.

[3] The Town's financial policies can be found in Appendix B.

DISTRIBUTION OF 1998-99 DEBT SERVICE
By Application of Bond Proceeds
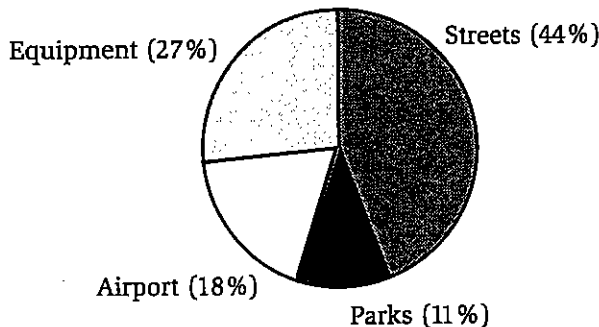
Equipment (27%)
Streets (44%)
Airport (18%)
Parks (11%)

General Obligation Debt Service Fund
### STATEMENT OF REVENUES AND EXPENDITURES

	Actual 1996-97	Budget 1997-98	Estimated 1997-98	Budget 1998-99
BEGINNING BALANCE	$ 2,443,974	$ 2,148,510	$ 2,166,700	$ 1,860,780
REVENUES:				
Advalorem taxes	5,619,568	6,215,620	6,220,000	6,222,730
Interest earnings and other	312,733	220,000	250,000	200,000
Lease income	95,045	0	0	0
TOTAL REVENUES	6,027,346	6,435,620	6,470,000	6,422,730
TOTAL AVAILABLE RESOURCES	8,471,320	8,584,130	8,636,700	8,283,510
EXPENDITURES:				
Debt Service - Principal	5,002,883	5,266,910	5,358,580	5,314,360
Debt Service - Interest	1,291,633	1,550,640	1,406,340	1,239,920
Fiscal fees	10,106	9,000	11,000	11,000
TOTAL EXPENDITURES	6,304,622	6,826,550	6,775,920	6,565,280
ENDING BALANCE	$ 2,166,698	$ 1,757,580	$ 1,860,780	$ 1,718,230

ANNUAL REQUIREMENT TO AMORTIZE GENERAL OBLIGATION DEBT

Net of Self-Supported Debt Paid by Utility Fund
October 1, 1998 to Maturity

$1,000,000 $3,000,000 $5,000,000 $7,000,000

▨ Existing Principal   ■ Existing Interest   ▢ New Debt-Principal   ▢ New Debt Interest

Early in the 1998 fiscal year, the Town sold $11 million in certificates of obligation to fund street and park capital improvements and acquisition of computer network equipment. The affect of the new debt is reflected in this graph.

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. The Occupancy Tax Revenue Debt Service fund receives, as a transfer from the Hotel fund, occupancy taxes to meet the debt service requirements associated with the issuance of $4,750,000 of bonds in November, 1989, for the Addison Theatre and Conference Centre. The occupancy tax revenue bonds carry ratings of Baa and A- from Moody's Investor's Service and Standard & Poor's, respectively.

FUND NARRATIVE

The financial statement for this particular fund is fairly straightforward. Transfers are made to the fund from the Hotel Occupancy fund sufficient for supporting annual debt service requirements and maintaining an ending fund balance which is no less than 10% of outstanding principal. At the beginning of the 1999 fiscal year, outstanding revenue debt was $2,050,000.

According to the capital project component of the long-term financial plan[1], the Hotel fund may purchase land as part of the Quorum Special Event District[2]. Because of rising land prices, purchase of the land may exceed the fund's ability to support the purchase with surplus operating revenues. In order to issue additional revenue debt and maintain satisfactory bond ratings, the Hotel fund must maintain at least 2.0 coverage. In other words, net revenues (total revenues less Conference Centre operating expenditures) must be at least double the annual debt service of existing and new debt. As calculated as part of the long-term financial plan, the Town could issue an additional $17 million in revenue bonds. Any new debt would follow the Town's policy of *debt not being issued for any period longer than fifteen years in order to rapidly retire outstanding debt.*

[1] For more information regarding the long-term financial plan, please refer to Appendix D.

[2] For more information pertaining to the Quorum Special Event District, please refer to Sector 5 in the Town Chronicle.

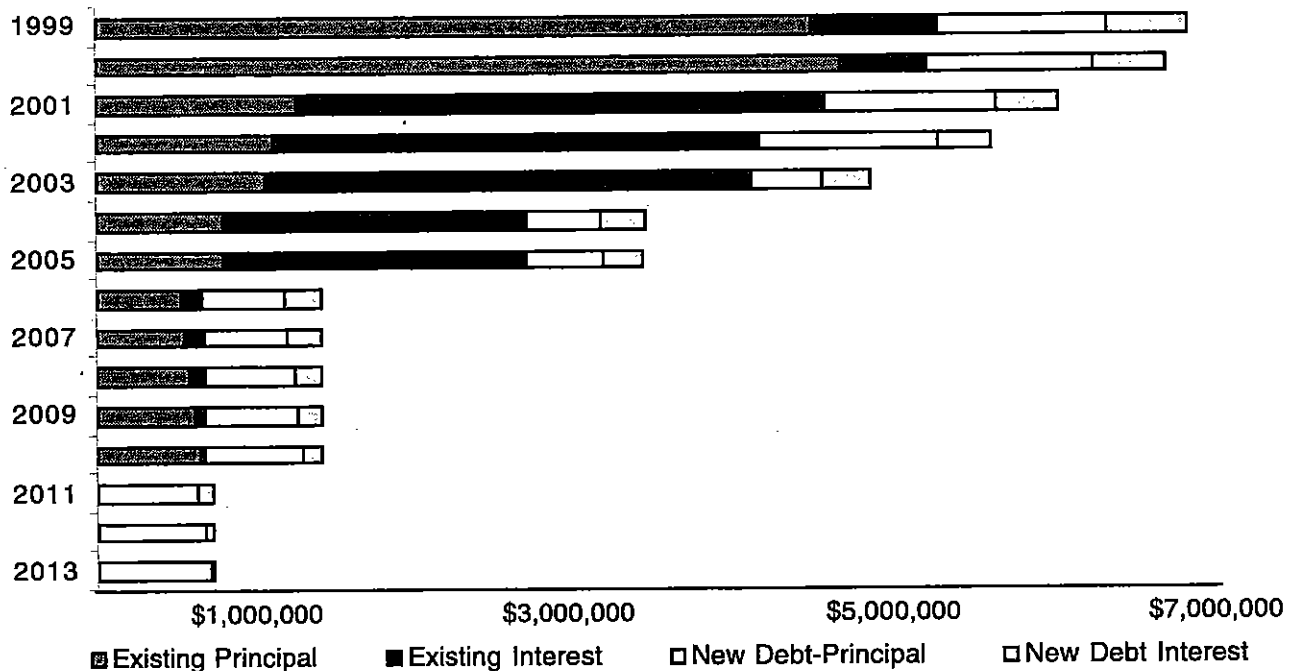## Occupancy Tax Debt Service Fund
STATEMENT OF REVENUES AND EXPENDITURES

	Actual 1996-97	Budget 1997-98	Estimated 1997-98	Budget 1998-99
BEGINNING BALANCE	$ 323,876	$ 316,030	$ 311,020	$ 299,020
REVENUES:				
Interest earnings	21,513	15,000	18,000	15,000
Other Financing Sources:				
Transfer from Hotel fund	441,473	425,000	425,000	415,000
TOTAL REVENUES	462,986	440,000	443,000	430,000
TOTAL AVAILABLE RESOURCES	786,862	756,030	754,020	729,020
EXPENDITURES:				
Debt Service - Principal	300,000	300,000	300,000	300,000
Debt Service - Interest	174,850	154,000	154,000	133,000
Fiscal fees	990	1,000	1,000	1,000
TOTAL EXPENDITURES	475,840	455,000	455,000	434,000
ENDING BALANCE	$ 311,022	$ 301,030	$ 299,020	$ 295,020

ANNUAL REQUIREMENT TO AMORTIZE OCCUPANCY TAX REVENUE DEBT
October 1, 1998 to Maturity
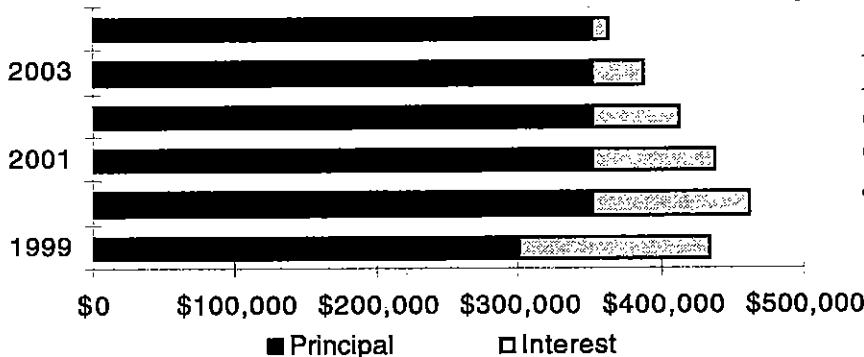
Annual debt service payment for FY 1999 will decline an average of $21,000, freeing resources for other hotel fund purposes. This graph reflects the Town's policy of rapidly retiring outstanding debt.

■ Principal   □ Interest

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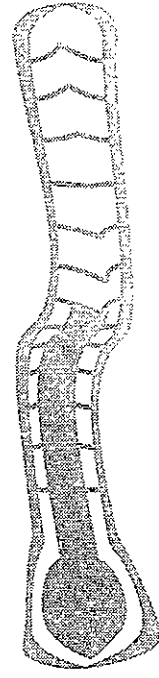
Town of Addison
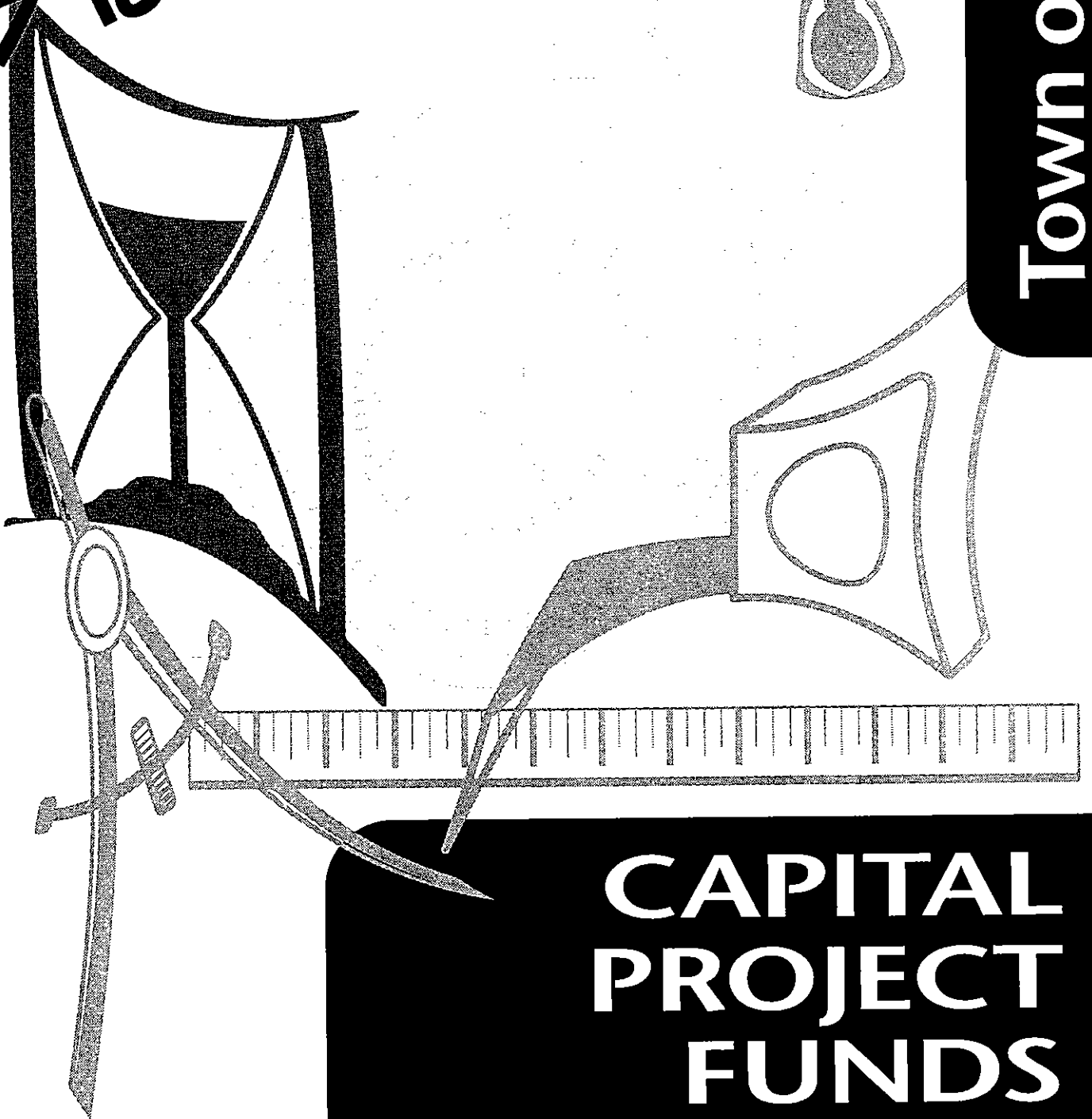
CAPITAL PROJECT FUNDS

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. Budgets are developed by project which may transcend more than one fiscal year.

FUND NARRATIVES

Street Capital Project Fund:

Both revenues and expenditures are anticipated to be less than budgeted due to delay in initiating two large projects, *Arapaho Extension Phase I*[1] and South Quorum Access. These projects have been delayed due to difficulty in obtaining right-of-way from the affected property owners. The ROW has been obtained for Arapaho, and the project is scheduled to be substantially completed during the 1999 fiscal year. The ROW issues with South Quorum are expected to be resolved by the end of the calendar year with construction beginning mid-1999. Fiscal year 1998 revenues and expenditures were also affected by the decision to have the developer for Addison Circle Phase IIa pay directly for its share of the development's infrastructure and the Town reimbursing the developer for the Town's share. Expenditures in FY1998 were dominated by ROW

purchases for South Quorum ($758,100) and Morris Road Extension ($424,000) as well as work-in-progress construction payments for Arapaho Phase I ($1,550,000).

The budget for fiscal year 1999 reflects the completion of *Arapaho Phase I* ($2,535,000) and the initiation of South Quorum Access ($2,183,000). Other projects planned for the year include *Quorum/Belt Line* ($304,000) and *Midway/Belt Line* ($334,000) intersection expansion projects, *Addison/Excel* ($200,000) and *Keller Springs/Quorum* ($160,000) intersection improvements, completion of Addison Circle Phase IIa infrastructure ($615,000) and Addison Circle area railroad crossing improvements ($300,000). Engineering begins for the *Arapaho Phase II* ($200,000) and Addison Road Widening ($175,000) projects.

Parks Capital Project Fund:

The 1998 fiscal year witnessed the completion of Addison Circle's Bosque Park ($410,000) and the Town Hall Creek Stabilization project ($250,000). Projects anticipated for FY1999 include Les Lacs Linear Park Phase III ($535,000), and two projects associated with the Addison Circle development: the Median Park ($570,000), and the initial construction of the Quorum Rotary Park ($815,000).

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[1] All italicized projects are funded in whole, or in part, by DART LAP funds.

Parks Capital Project Fund
STATEMENT OF REVENUES AND EXPENDITURES

	Actual 1996-97	Budget 1997-98	Estimated 1997-98	Budget 1998-99
BEGINNING BALANCE	$ 1,923,562	$ 1,448,870	$ 1,464,150	$ 2,164,350
REVENUES:				
Intergovernmental	222,192	0	8,920	0
Bond proceeds	0	1,185,000	1,197,650	
Interest earnings and other	63,718	46,000	119,860	50,000
Developer contributions	45,583	0	0	0
TOTAL REVENUES	331,493	1,231,000	1,326,430	50,000
OTHER SOURCES OF FUNDS:				
Transfer from General fund	772,000	350,000	350,000	0
TOTAL AVAILABLE RESOURCES	3,027,055	3,029,870	3,140,580	2,214,350
EXPENDITURES:				
Administration:				
Personal services	20,043	10,000	22,000	20,000
Engineering and contractual services	198,662	265,000	235,050	49,000
Construction and equipment	1,344,203	2,754,870	719,180	1,871,000
TOTAL EXPENDITURES	1,562,908	3,029,870	976,230	1,940,000
ENDING BALANCE	$ 1,464,147	$ 0	$ 2,164,350	$ 274,350

Street Capital Project Fund
STATEMENT OF REVENUES AND EXPENDITURES

	Actual 1996-97	Budget 1997-98	Estimated 1997-98	Budget 1998-99
BEGINNING BALANCE	$ 3,020,792	$ 2,214,470	$ 2,897,070	$ 7,706,470
REVENUES:				
DART Grants	1,213,327	4,299,570	3,443,500	1,640,000
Interest earnings and other	178,748	120,000	406,300	200,000
Bond proceeds	0	4,700,000	4,749,440	0
Developer contributions	43,179	1,134,000	0	0
TOTAL REVENUES	1,435,254	10,253,570	8,599,240	1,840,000
OTHER SOURCES OF FUNDS:				
Transfer from general fund	1,033,000	662,000	786,000	550,000
TOTAL AVAILABLE RESOURCES	5,489,046	13,130,040	12,282,310	10,096,470
EXPENDITURES:				
Administration:				
Personal services	93,339	147,410	151,310	175,070
Debt issuance costs	0	0	32,630	0
Design and engineering:				
Pavement improvements	160,727	778,000	640,700	480,000
Intersection improvements	23,569	80,000	56,500	75,500
Drainage improvements	0	0	0	0
Construction and equipment:				
Pavement improvements	2,247,891	7,695,000	3,517,100	6,583,000
Intersection improvements	66,448	895,000	177,600	1,408,000
Drainage improvements	0	0	0	0
TOTAL EXPENDITURES	2,591,974	9,595,410	4,575,840	8,721,570
ENDING BALANCE	$ 2,897,072	$ 3,534,630	$ 7,706,470	$ 1,374,900

STAFFING	Level	Budget 1995-96	Budget 1996-97	Budget 1997-98	Budget 1998-99
Director - Public Works	26 - E	0.3	0.3	0.3	0.3
Assistant Director-Public Works	23 - E	0.0	0.0	0.5	0.5
Civil Engineer	21 - E	0.5	0.5	0.5	0.5
Project Engineer	19 - E	0.0	0.5	0.5	0.5
Inspector	11 - N	0.0	0.0	0.3	0.3
TOTAL		0.8	1.3	2.1	2.1

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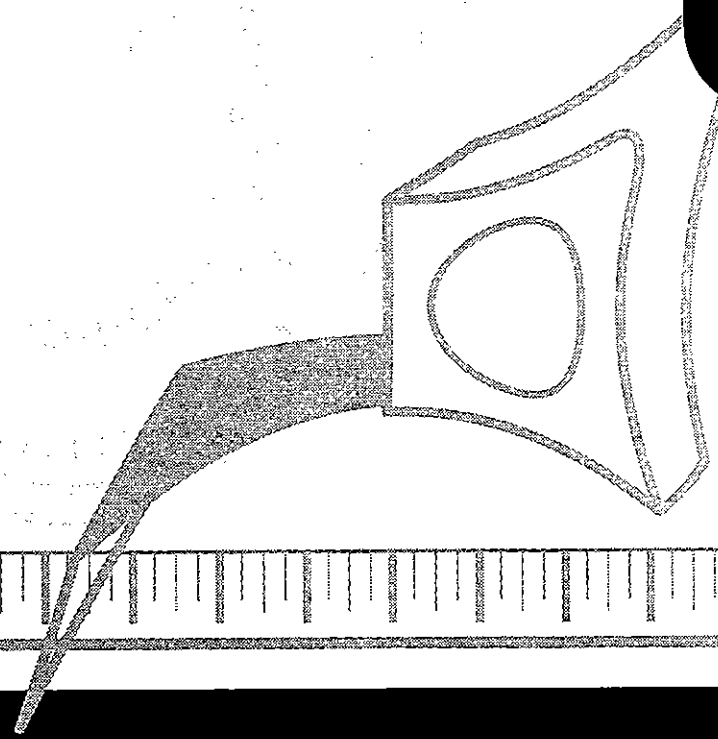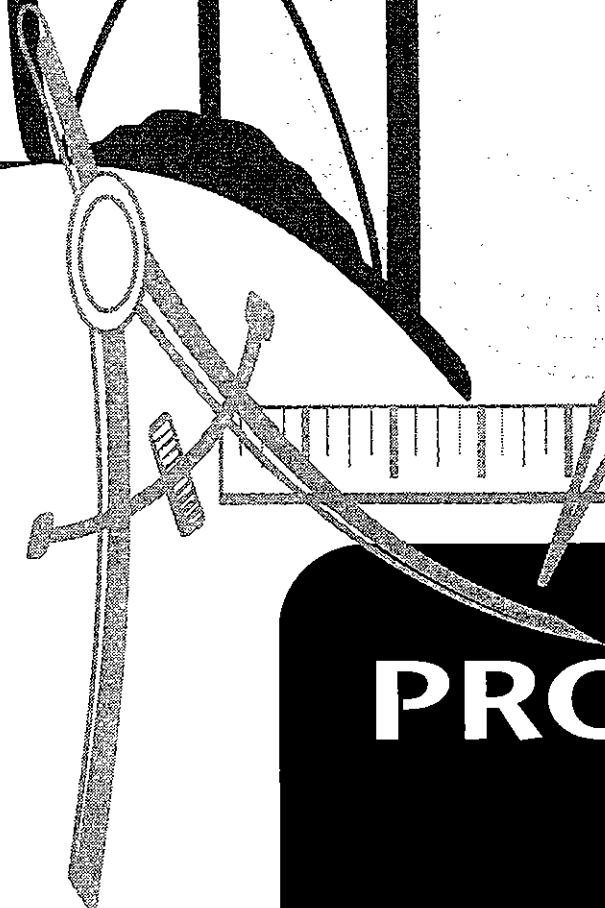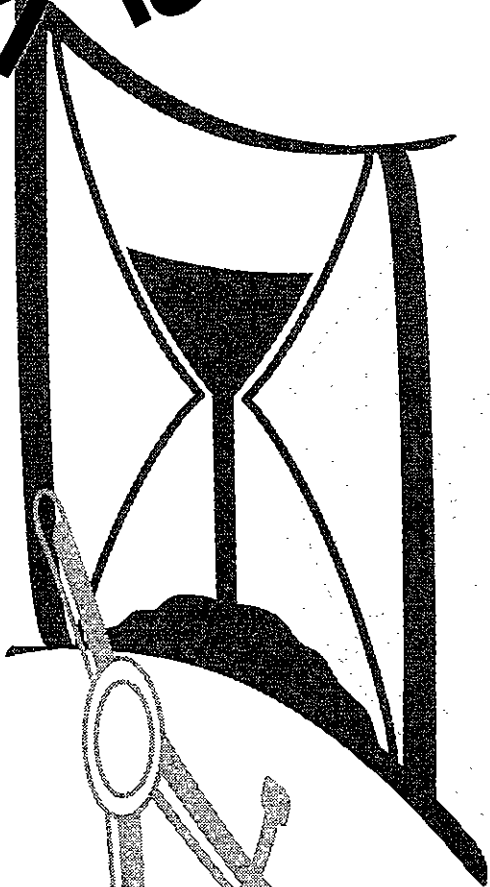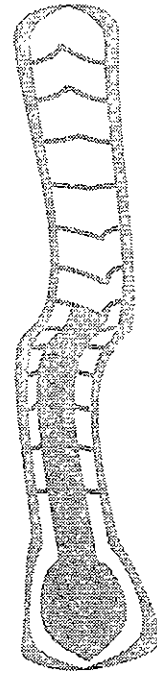
Town of Addison

PROPRIETARY FUNDS

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 (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 which are not included in the income statement.

FUND NARRATIVE

Operating revenues for the 1998 fiscal year are expected to be almost 13% greater than projected in the budget. The increase is driven by a 15% increase in water sales resulting from one of the more severe droughts experienced in Texas. Operating expenses for the year were also greater than budgeted due, again, to the increased demand for water. Net income (excluding depreciation) is expected to total $2,103,070 which is 50% greater than budget. As part of its capital improvement plan[1], approximately $2.3 million of reserved fund balance was applied to several capital projects. Completed or substantially completed during the fiscal year were improve-

ments to the Celestial Water Pumping facility ($845,000), Airport Water Line Replacement ($402,000) and Airport Sewer Line Replacement ($590,000). Ending fund balance is estimated to be $5,105,080, or 31% greater than budgeted.

Due in part to the continued growth of the Town's customer base which increased 10% during FY98, operating revenues have continued to increase and have been generating working capital in excess of the utility system's operating and capital requirements. For that reason, the 1998-99 fund budget includes a five percent decrease in water and sewer rates. Despite the lower rates, net income for the system is expected to total $1,105,180 with a planned decrease in working capital of $484,370 for an estimated ending fund balance of $4,620,680. Of this balance, $2,370,000 is reserved for future infrastructure replacement and rehabilitation[2].

Capital projects scheduled for FY99 include various rehabilitation projects, the most significant being replacement of sewer lines ($300,000) in the Brookhaven Club area (Sector 3), replacement of sections of the Marsh Lane water main ($172,000), and a generator for the Kellway sewer lift station ($125,000).

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[1] Please refer to Appendix E for the five year capital project summary plan and the Town Chronicle for more information relating to capital projects.

[2] Please refer to the Financial Policies in Appendix B for the full policy statement referring to Utility Capital Expenditures.

ANNUAL REQUIREMENT TO AMORTIZE DEBT ASSOCIATED WITH WATER AND SEWER IMPROVEMENTS
October 1, 1998 to Maturity

Principal ■ Interest
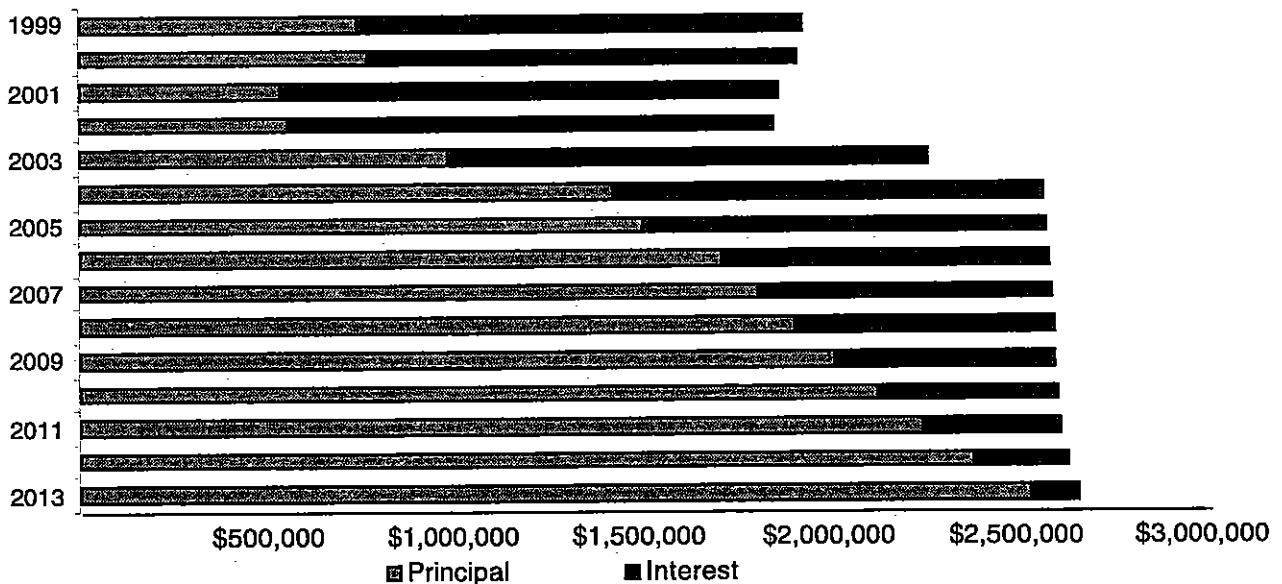
Utility Fund

INCOME STATEMENT

	Actual 1996-97	Budget 1997-98	Estimated 1997-98	Budget 1998-99
Operating revenues:				
Water sales	$ 2,964,892	$ 2,871,600	$ 3,343,000	$ 2,977,000
Sewer charges	3,719,594	3,550,000	3,900,000	3,562,000
Tap fees	64,995	12,000	21,000	15,000
Penalties	15,510	50,000	58,000	55,000
Total operating revenues	6,764,991	6,483,600	7,322,000	6,609,000
Operating expenses:				
Water purchases	1,576,793	1,578,700	1,752,000	1,850,000
Wastewater treatment	1,439,626	1,425,300	1,450,000	1,550,000
Utility operations	952,922	1,140,710	1,183,410	1,268,270
Total operating expenses	3,969,341	4,144,710	4,385,410	4,668,270
Net operating income	2,795,650	2,338,890	2,936,590	1,940,730
Non-Operating revenues (expenses):				
Interest earnings and other	594,170	343,800	482,200	434,200
Interest on bonded debt, fiscal charges and other	(1,930,265)	(1,291,210)	(1,315,720)	(1,269,750)
Total non-operating revenues (expenses)	(1,336,095)	(947,410)	(833,520)	(835,550)
Net income (excluding depreciation)	$ 1,459,555	$ 1,391,480	$ 2,103,070	$ 1,105,180

CHANGES IN WORKING CAPITAL

	Actual 1996-97	Budget 1997-98	Estimated 1997-98	Budget 1998-99
Net income (excluding depreciation)	$ 1,459,555	$ 1,391,480	$ 2,103,070	$ 1,105,180
Sources (uses) of working capital:				
Net retirement of long-term debt	(3,625,133)	(721,420)	(721,420)	(750,650)
Net additions to fixed assets	(3,127,098)	(2,087,200)	(2,300,000)	(838,900)
Application of bond proceeds	6,739,408	500,000	500,000	0
Developer contributions	0	0	0	0
Net sources (uses) of working capital	(12,823)	(2,308,620)	(2,521,420)	(1,589,550)
Net increase (decrease) in working capital	1,446,732	(917,140)	(418,350)	(484,370)
Beginning fund balance	4,076,645	4,795,600	5,523,400	5,105,050
Ending fund balance	$ 5,523,377	$ 3,878,460	$ 5,105,050	$ 4,620,680
Reserved for Infrastructure Replacement / Rehabilitation	$ 1,960,000	$ 2,370,000	$ 2,370,000	$ 2,370,000

Utility Department

DEPARTMENT MISSION

The department's mission is *to supply safe, uninterrupted water and wastewater services to Addison residents and businesses.* The Town purchases water from the City of Dallas and delivers its sewage to the treatment facilities in Dallas or to the Trinity River Authority northern region treatment plant. The department staff is responsible for maintaining over 85 miles of water distribution mains, 900 fire hydrants, 68 miles of sewer collection lines, and related pumping and storage facilities. Typical duties include meter reading and repairs, responding to customer service orders, cleaning sewer lines, and testing for proper operation: water meters, shut-off valves, and fire hydrants.

PROGRAM NARRATIVE

Accomplishments for FY1998:

- Department's preventive maintenance program for the year involved testing 150 water meters for accuracy, inspection and repair of 87 fire hydrants and 124 water valves to insure their proper operation.

- Utility Crews repaired 6 water main line breaks and 13 service line leaks.

- Cleaned 15,000 feet of sewer line and televised 5,000 feet of sewer line to ascertain problem areas.

- Tested 630 water services for undetected water leaks.

- Converted 30 deep-vault water meters to improve accessibility.

- Changed out 257 water meters in Lindbergh/ Billy Mitchell area and Addison Place.

Objectives for FY1999:

- Complete a comprehensive cross-connection control program, with ordinances and procedures.

- Convert remaining water meters in deep vaults to above ground registers.

- Update existing two wastewater ordinances and consolidate into one ordinance.

- Continue to work on stated Preventive Maintenance Program.

- Change out 60 water meters on Wiley Post Road, Wright Brothers Dr. and Addison Place.

- Develop, with the assistance of engineering and legal consultants, a comprehensive right-of-way management plan; plan will provide criteria for the optimal location of utilities within the Town's right-of-way.

- Identify services critical to serving the community and evaluate how those services may be impacted by the Y2K issue. Develop contingency plan for providing critical services in the event of Y2K disruptions.

Major Budget Items:

- Power costs associated with operating water and sewer pumping stations ($135,000).

- Utility fund's share of liability and property insurance costs ($45,000).

- Capital outlay includes the replacement of the 1976 FMC sewer cleaner trailer unit with a small truck unit ($60,000) which will allow for sewer cleaning in limited access areas; replacement of a sewer camera system with a track-driven camera ($20,000);replacement of portable concrete mixer($4,000); and, replacement of one sewer gas detector ($2,800).

- Department's contribution to information services maintenance ($28,150) and equipment amortization ($13,940).

- Consultant fees associated with developing a right-of-way management plan ($100,000).

WATER LINE BREAKS
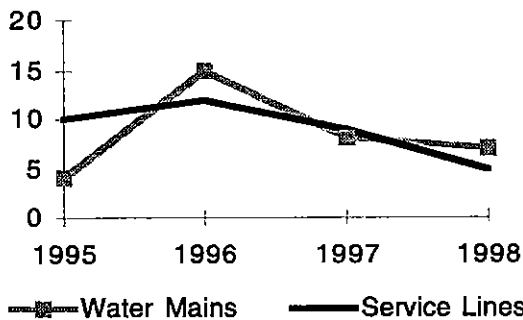
The number of line breaks increased in 1996 due to developers of residential and commercial properties inadvertently cutting lines during construction.

UNACCOUNTED FOR WATER
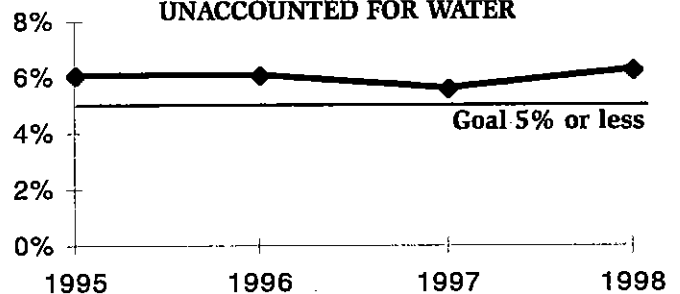
EXPENDITURES	Actual 1996-97	Budget 1997-98	Estimated 1997-98	Budget 1998-99
Personal Services	$ 572,489	$ 652,060	$ 630,460	$ 689,590
Supplies	46,280	44,600	44,450	47,750
Maintenance	87,178	159,230	136,430	137,210
Contractual Services	246,285	273,200	360,450	379,780
Capital Replacement/Lease	0	11,620	11,620	13,940
Capital Outlay	48,764	106,200	93,150	118,500
TOTAL Utilities Budget	$ 1,000,996	$ 1,246,910	$ 1,276,560	$ 1,386,770

NOTE:

Capital Outlay: Equipment is reflected on the fund statement as uses of working capital instead of expenses.

STAFFING	Level	Budget 1995-96	Budget 1996-97	Budget 1997-98	Budget 1998-99
Director-Public Works	26 - E	0.4	0.4	0.4	0.4
Assistant Public Works Director	23 - E	0.0	0.0	0.5	0.5
Civil Engineer	21 - E	0.5	0.5	0.5	0.5
Project Engineer	19 - E	0.0	0.5	0.5	0.5
Foreman	13 - N	1.0	1.0	1.0	1.0
Inspector	11 - N	0.0	0.0	0.3	0.3
Crew Leader	8 - N	2.0	2.0	2.0	2.0
Equipment Operator	6 - N	1.0	1.0	1.0	1.0
Secretary-Department	6 - N	1.0	1.0	1.0	1.0
Utility Operator Senior	5 - N	1.0	1.0	1.0	1.0
Utility Operator III	3 - N	2.0	2.0	2.0	2.0
Utility Operator II	2 - N	2.0	2.0	2.0	2.0
Laborer	1 - N	2.0	2.0	2.0	2.0
TOTAL		12.9	13.4	14.2	14.2

WATER USAGE
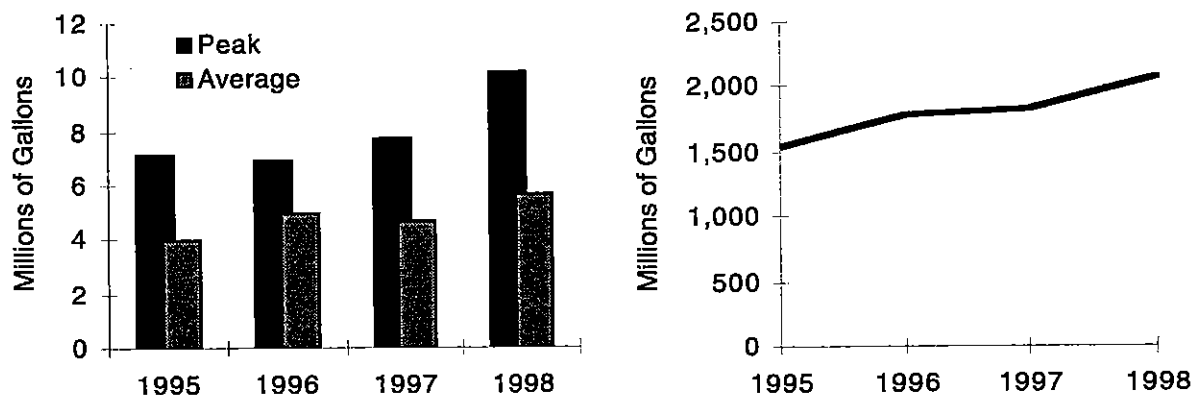
Addison purchases water from the City of Dallas. The payments to Dallas are based on total volume and peak day demand. To minimize the cost of water, the department attempts to satisfy peak demands through optimal management of the Town's elevated and ground storage facilities which have total capacities of 9 million gallons.

Information Services

FUND DESCRIPTION

This fund was established to account for the costs associated with maintaining the Town's information services infrastructure. The fund's financial summary is distinguished from those of other funds in that it resembles the income statements of private corporations. The income statement reflects operating income and expenses. The fund's primary source of income is contributions made from other operating departments which utilize the IS fund's services. The charges are intended to cover operating expenses as well as a five year amortization of the computer equipment. The charges are based upon a particular department's number of users and special computer applications. The expenses are comprised of the IS staff's salaries and benefits, miscellaneous supplies, and the maintenance contracts related to the general government and public safety systems. There is also included a statement of changes in working capital which is defined as current assets (e.g. cash, investments, accounts receivable) less current liabilities (accounts payable, accrued interest payable, etc). For this 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 which are not included in the income statement.

FUND NARRATIVE

FY1997-98 represented the inaugural year for the Information Services fund and department. Funded during the fiscal year was the installation of the general government computer network consisting of over one hundred personal computer work stations connected through a dozen servers. During the year almost $2.5 million was spent acquiring the new network with all expenditures supported by bond proceeds from the sale of $3 million of certificates of obligation earlier in the fiscal year. The fund is expected to end the fiscal year with a fund balance of $1,969,010, almost $200,000 more than anticipated in the budget.

The 1999 fiscal year budget anticipates completion of the general government system and acquisition of a new public safety computer system. Acquisition costs are expected to total approximately $2.3 million and will be supported with the remaining bond proceeds and accumulated fund equity. Ending fund balance is projected to be $940,860.

DEPARTMENT MISSION

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

PROGRAM NARRATIVE

The recently created IS department is comprised of two existing technician positions transferred from the Finance and Police departments, a new director's position, and an additional technician position. All department efforts during the 1999 fiscal year will be directed towards managing the installation and operation of the new general government and public safety computer networks. Specific goals include:

- ☒ Install, enhance, debug, and fine-tune the Public Safety computer system.

- ☒ Either upgrade the existing Financial Application computer software or explore the possibility of purchasing a new system.

- ☒ Install imaging system with an objective of reducing paper flow.

- ☒ Install a Fire-Wall to separate the Public Safety computer systems from Local Area Network, and Financial Application computer system which satisfies Texas Department of Public Safety and other federal agencies requirements.

- ☒ Upgrade network operating system from NT 4.0, Windows 95, and Solaris 2.4 to NT 5.0, Windows 98 and Solaris 2.5.

- ☒ Coordinate and supervise the development of a management plan to identify and resolve all potential services problems associated with the Y2K computer issue.

Information Services
INCOME STATEMENT

	Actual 1995-96	Budget 1996-97	Estimated 1996-97	Budget 1997-98
Operating revenues:				
Department contributions:				
Operations & maintenance	$ 0	$ 672,120	$ 672,120	$ 647,510
Amortization	0	440,000	440,000	625,900
Total operating revenues	0	1,112,120	1,112,120	1,273,410
Operating expenses:				
Personal services	0	242,020	207,440	275,870
Supplies	0	4,000	6,250	26,700
Maintenance:				
General government	0	100,000	40,250	56,300
Public safety	0	125,000	60,000	132,000
Total maintenance	0	225,000	100,250	188,300
Contractual services:				
General government	0	25,000	62,420	144,140
Public safety	0	50,000	77,000	84,000
Total contractual services	0	75,000	139,420	228,140
Total operating expenses	0	546,020	453,360	719,010
Net operating income	0	566,100	658,760	554,400
Non-Operating revenues (expenses):				
Transfer from capital replacement fund	0	1,168,500	1,168,500	0
Interest earnings and other	0	55,000	163,000	135,000
Debt issuance costs	0	0	(21,250)	0
Net non-operating revenues (expenses)	0	1,223,500	1,310,250	135,000
Net Income (excluding depreciation)	$ 0	$ 1,789,600	$ 1,969,010	$ 689,400

CHANGES IN WORKING CAPITAL

	Actual 1995-96	Budget 1996-97	Estimated 1996-97	Budget 1997-98
Net income (excluding depreciation)	$ 0	$ 1,789,600	$ 1,969,010	$ 689,400
Sources (uses) of working capital:				
Acquisition of capital equipment:				
General government	0	(341,950)	(1,707,750)	(292,000)
Public safety	0	(1,614,000)	(750,000)	(2,000,000)
Urban development	0	(58,620)	0	0
Streets	0	(48,850)	0	0
Parks and recreation	0	(283,330)	0	0
Tourism	0	(107,470)	0	0
Utilities	0	(136,780)	0	0
Application of bond proceeds	0	2,591,000	2,457,750	574,450
Net sources (uses) of working capital	0	0	0	(1,717,550)
Net increase (decrease) in working capital				
Beginning fund balance	0	0	0	1,969,010
Ending Fund Balance	$ 0	$ 1,789,600	$ 1,969,010	$ 940,860

STAFFING	Level	Budget 1995-96	Budget 1996-97	Budget 1997-98	Budget 1998-99
Director-Information Services	26-E	0.0	0.0	1.0	1.0
IS Technician	19-E	0.0	0.0	3.0	3.0
TOTAL		0.0	0.0	4.0	4.0

Employee Benefits Risk Retention Fund

FUND DESCRIPTION

The fund accounts for contributions and expenses related to the various health, disability, workers compensation, and life insurance benefits provided to Town employees. Health benefits are provided through a fully-insured indemnity program with the Texas Municipal League (TML) Group Benefits Risk Pool and a health maintenance organization (HMO). With the workers compensation plan, the Town has contracted with the TML Intergovernmental Risk Pool for a retention program. Under this arrangement, the Town retains the risk for individual claims up to $175,000 with an aggregate limit of $525,000. Contributions to the fund are comprised of charges to operating departments for the Town's share of benefits and payroll deductions for the employees' share.

The fund's goals are to: 1) recover the costs of the health and workers compensation plans through charges to departments and employees; and, 2) to maintain a minimum fund balance representing 25% of fund expenditures in addition to 200% of the amount needed to support the Town's retained risk (aggregate limit) associated with the workers compensation program.

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 (accounts payable, accrued interest payable, etc). For the Risk Retention 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 which are not included in the income statement.

FUND NARRATIVE

The fund's estimated financial performance for FY1998 closely approximates the fund's adopted budget. The net loss for the year is expected to be only $4,630 compared to the budgeted net loss of $61,000. The loss is attributed to higher workers compensation claims. The fund was impacted by two injuries (a back injury to a fire fighter and an ankle injury to a police officer) which required extensive recuperation time.

After a year when the indemnity plan premiums increased 17%, payments made for employee health benefits are expected to increase only moderately in FY1999. Premiums for the indemnity plan will remain constant for the new year and the Town's HMO plan benefits will increase 8.5%. Included in the 1998-99 budget is $25,000 for consultant services to assist the Town in developing a comprehensive medical benefit plan and bidding out the plan in the expectation of reducing medical costs.

Despite the increase in workers compensation claim payments in FY1998, the Town's workers compensation experience is still very good compared to other organizations with similar staffing levels. Keeping workers compensation claims low is attributed to the work of the Town's Safety Review board. The board is comprised of first line supervisors representing the Town's major departments who review all vehicular and personal accidents. The board recommends changes to operating procedures and equipment to ensure the Town's employees work in the safest environment possible.

WORKERS COMPENSATION
Work Hours Lost Due to Injuries
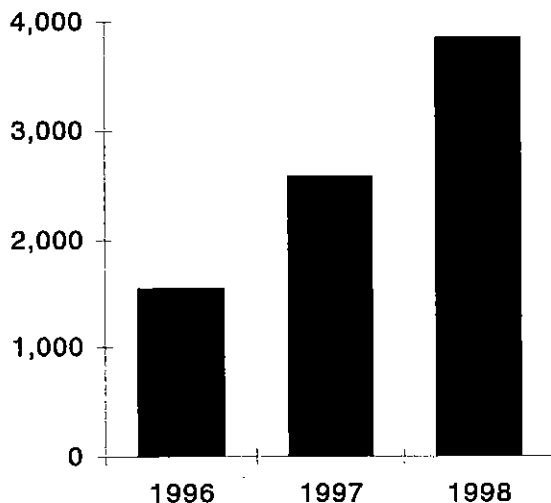
Hours lost due to injuries increased in 1998 as a result of long-term injuries to Fire Department employees.

Employee Benefits Risk Retention Fund

INCOME STATEMENT

	Actual 1995-96	Budget 1996-97	Estimated 1996-97	Budget 1997-98
Operating revenues:				
Employee contributions	$ 305,473	$ 320,000	$ 307,000	$ 337,300
City contributions:				
Medical plan	839,790	865,000	966,000	958,000
Workers compensation	84,330	90,000	84,620	115,000
Total operating revenues	1,229,593	1,275,000	1,357,620	1,410,300
Operating expenses:				
Personal services	31,205	25,100	25,220	32,500
Supplies	3,314	5,100	4,680	5,200
Contractual services	3,914	3,200	3,800	28,200
Medical plan:				
Insurance premiums	1,145,417	1,275,000	1,280,000	1,295,000
Service fees	1,033	1,000	650	1,000
Claims	1,040	1,100	900	1,000
Workers compensation:				
Insurance premiums	22,182	25,000	21,500	25,000
Service fees	12,098	10,000	7,500	10,000
Claims	58,401	50,000	85,000	80,000
Total operating expenses	1,278,604	1,395,500	1,429,250	1,477,900
Net operating income (loss)	(49,011)	(120,500)	(71,630)	(67,600)
Non-Operating revenues:				
Interest earnings and other	57,114	59,500	67,000	71,000
Net non-operating revenue	57,114	59,500	67,000	71,000
Net income (loss)	$ 8,103	$ (61,000)	$ (4,630)	$ 3,400

CHANGES IN WORKING CAPITAL

	Actual 1995-96	Budget 1996-97	Estimated 1996-97	Budget 1997-98
Net income (loss)	$ 8,103	$ (61,000)	$ (4,630)	$ 3,400
Beginning fund balance	1,320,220	1,362,190	1,328,320	1,323,690
Ending fund balance	$ 1,328,323	$ 1,301,190	$ 1,323,690	$ 1,327,090

Capital Replacement

FUND DESCRIPTION

This fund was established to accumulate sufficient resources to replace existing equipment (with values in excess of $5,000) which have reached or exceeded their useful lives. Resources are acquired through charges to operating departments in the governmental type funds. 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, then the equipment will be kept in service. However, once the equipment has been fully amortized, the department will not continue to make payments to the fund. Interest income earned by the fund 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 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 (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 or retirement of debt which are not included in the income statement.

FUND NARRATIVE

For the 1998 fiscal year, net income is estimated to be $576,770, slightly more than anticipated in the budget. The fund also made its budgeted transfer of $1,168,500 of accumulated amortization related to the computer equipment to the new Information Services fund. Due to savings in the purchase of equipment, the fund is expected to end the year with a balance of $1,174,700, or approximately $116,300 more than budgeted.

Equipment scheduled to be replaced during FY 1999 includes:

Fire Department:
Rapid Response Vehicle	$ 160,000
Chassis for Mobile Intensive Care Unit	50,000

Street Department:
3/4-Ton Pickup Truck	$ 18,000
Aerial Lift	29,000

Parks Department:
Two 1-Ton Pickup Trucks	$ 44,000

Ending FY 1999 fund balance is budgeted at $1,398,470, the total amount reserved for future replacement of capital equipment.

Capital Replacement Fund

INCOME STATEMENT

	Actual 1996-97	Budget 1997-98	Estimated 1997-98	Budget 1998-99
Operating Revenues:				
Department contributions	$ 898,510	$ 493,670	$ 493,670	$ 447,770
Total operating revenues	898,510	493,670	493,670	447,770
Operating Expenses:				
Other	1,397	1,000	1,000	1,000
Total operating expenses	1,397	1,000	1,000	1,000
Net Operating Income	879,113	492,670	492,670	446,770
Non-Operating Revenues:				
Interest earnings and other	101,542	55,000	78,700	53,000
Proceeds from sale of assets	34,494	25,000	5,400	25,000
Net Non-Operating Revenues:	136,036	80,000	84,100	78,000
Net income (excluding depreciation)	$ 1,033,149	$ 572,670	$ 576,770	$ 524,770

CHANGES IN WORKING CAPITAL

	Actual 1996-97	Budget 1997-98	Estimated 1997-98	Budget 1998-99
Net income (excluding depreciation)	$ 1,033,149	$ 572,670	$ 576,770	$ 524,770
Sources (Uses) of Working Capital:				
Transfer to Information Services fund	0	(1,168,500)	(1,168,500)	0
Acquisition of capital equipment:				
General government	0	(18,500)	0	0
Public safety	(369,424)	(466,000)	(396,540)	(210,000)
Urban development	0	0	0	0
Streets	0	(36,000)	(33,430)	(47,000)
Parks and recreation	(46,422)	(75,000)	(68,640)	(44,000)
Net Source (use) of Working Capital	(415,846)	(1,764,000)	(1,667,110)	(301,000)
Net Increase (Decrease) in Working Capital	617,303	(1,191,330)	(1,090,340)	223,770
Beginning Fund Balance	1,647,737	2,249,730	2,265,040	1,174,700
Ending Fund Balance	$ 2,265,040	$ 1,058,400	$ 1,174,700	$ 1,398,470

Addison!®
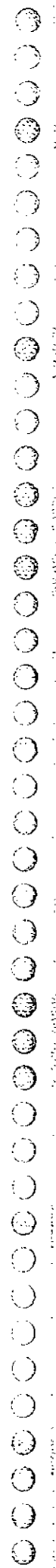
Measuring Achievement!
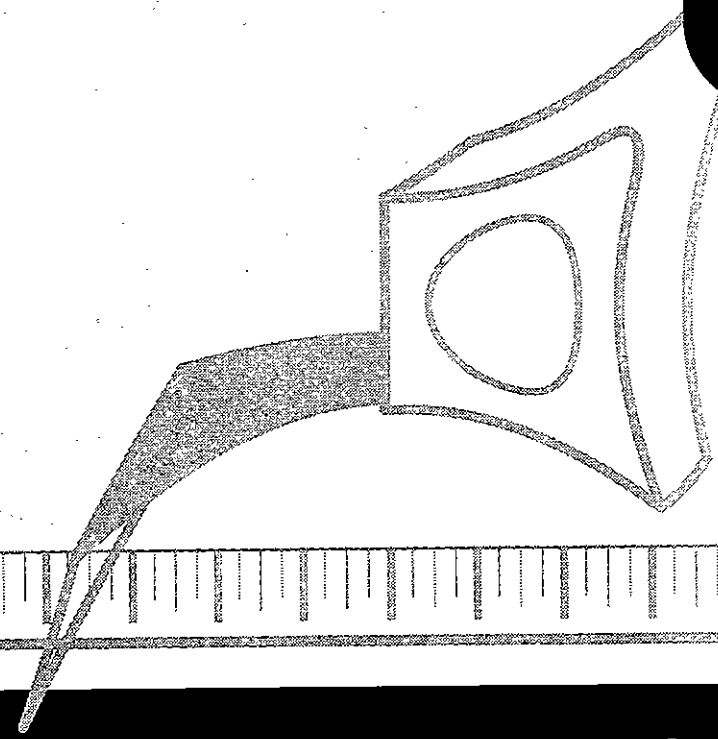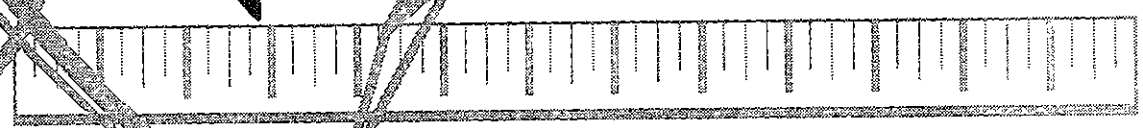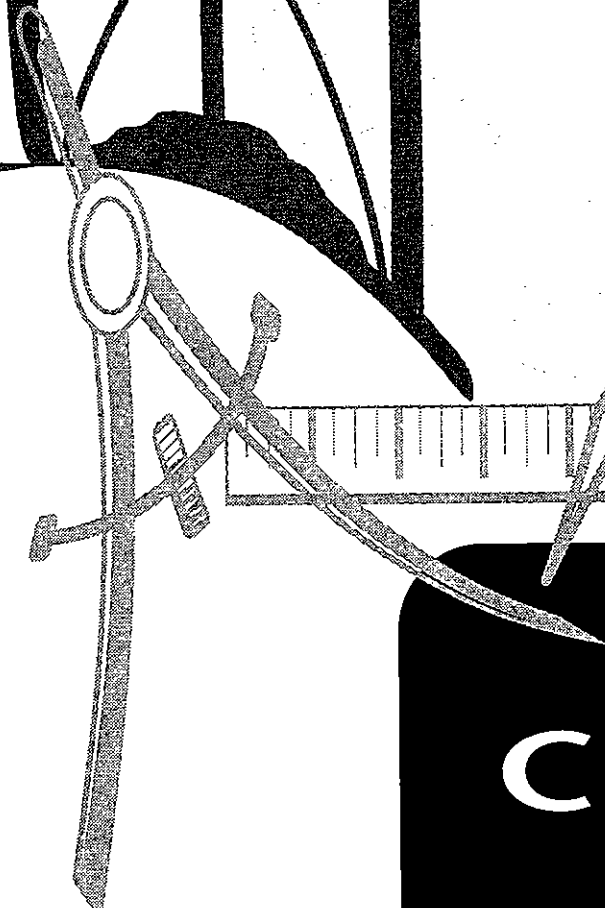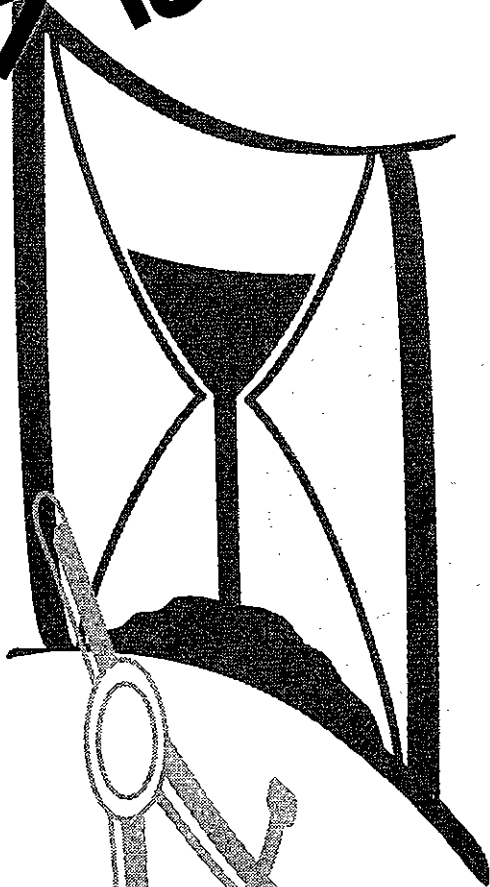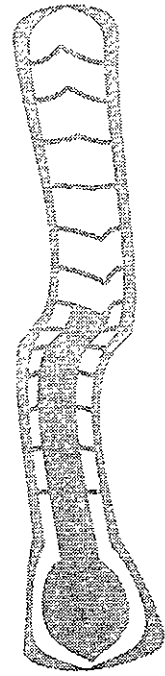
Town of Addison

TOWN CHRONICLE

Dallas Metroplex
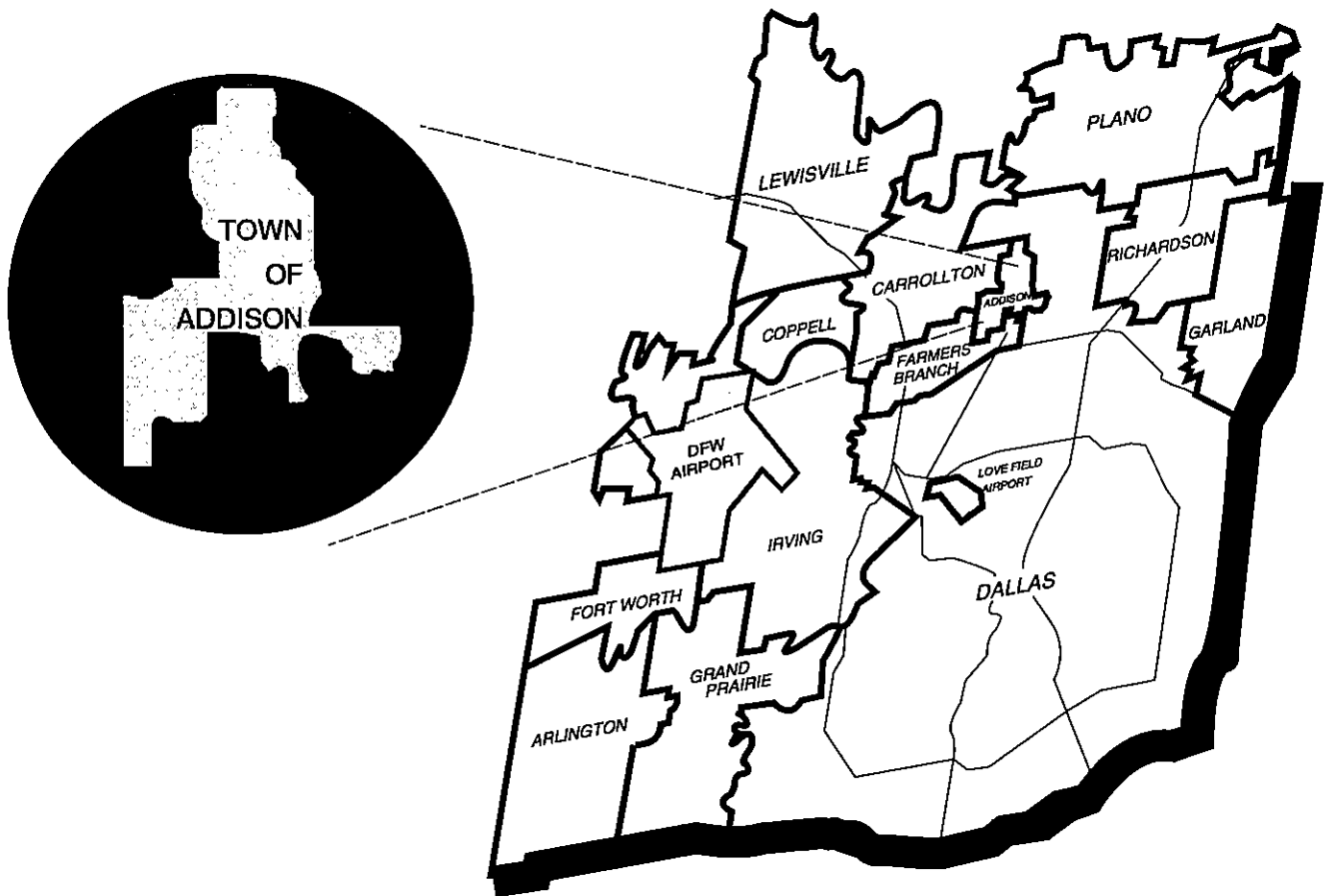
- Δ 2,787 Acres
- Δ 12,190 Population
- Δ 90.13% Developed
- Δ 9.86% Underdeveloped
- Δ Assessed Value 1998
  $2,500,958,613

TOWN DESCRIPTION

The Town of Addison is located in the Dallas North Parkway area which has been referred to as the "platinum corridor" of the Dallas Metroplex. Besides the Town of Addison, the area encompasses the Dallas suburbs of Carrollton, Farmers Branch, and Plano. The area, which developed rapidly during the late 1970's and early 1980's is home to affluent residential neighborhoods, over 1,200 million-dollar companies, scores of quality restaurants, and three spacious malls, including the prestigious Galleria. The area commands a central location in reference to downtown Dallas, DFW airport, the Richardson telecommunications corridor, and the Plano 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 which demands all development meet the most rigorous building requirements. For example, all commercial development must submit landscaping plans to ensure buildings are accompanied by attractive green areas. 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 which avoids the confining effect usually associated with densely developed areas.

Addison places a strong emphasis on public safety. Although the Town's boundaries include only 4.5 square miles it employs fifty-five uniformed officers, a minimum of five of whom are patrolling the city at any given time. Addison's fire department has the most sophisticated fire fighting and emergency medical equipment available and is staffed by highly trained paramedics. The Town also actively enforces strict fire codes, and is the only community in the state to require fire sprinklers for new single-family residences.

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 sixty-eight office complexes providing a total of 9.6 million square feet of

**Town of Addison
Proportion of Land Use**

Airport (10%)
Residential (26%)
School, Municipal (8%)
Retail (14%)
Office (21%)
Commercial (21%)
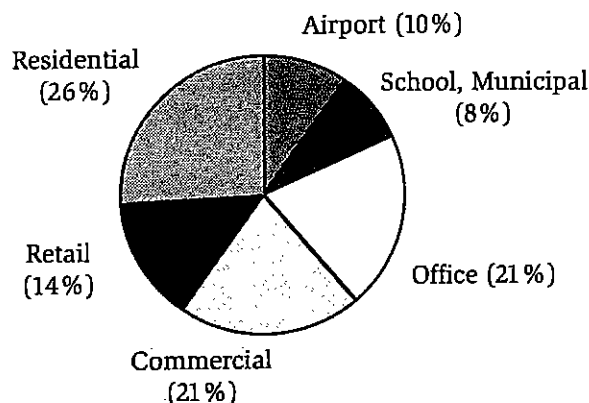
office space. Average office occupancy now stands at 93.2% which compares favorably to the 84.1% average of the Greater Dallas office market. The Town boasts fifteen hotels with over 2,960 rooms and 138 permitted food establishments, or an average of 31 per square mile.

The Town's most important initiative is successful completion of Addison Circle, a high-density mixed-use development which will incorporate multi-family, retail and commercial uses as well as extensive park space and landscaping. The Town is working in partnership with Post Properties to ensure this "urban district" is built to standards which will make it a thriving urban environment years well into the next century. Phase I of the project with its 445 units is complete, and Phase II with over 480 units is currently under construction.

Addison continues to benefit from the development now occurring in the Dallas area. The 1998 fiscal year witnessed extensive construction of office complexes. As of September 30, 1998 there were four office complexes under development totaling 799,500 square footage of office space. Also on the horizon are two new hotels with a total of 196 rooms which are expected to be open by early 1999. Permits have been issued for another three hotels which will create an additional 342 rooms.

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.

Town Chronicle

The Town's Six Planning Sectors

SECTOR 6

SECTOR 4

SECTOR 5

SECTOR 1

SECTOR 2

SECTOR 3

Scale

1" equals 2,600'

Sojourn

Bent Tree Plaza

Sunbelt

Westgrove

Midway

Addison Airport

Addison Road

Dallas North Parkway

Keller Springs

Addison

Ledgemont

Quorum

Keller Springs

Keller Springs

Airport Parkway

Addison

Quorum

Dallas North Parkway

Wiley Post

Lindbergh

Arapaho

Realty

Surveyor

Centurion

Belt Line

Belt Line

Beltway

Beltway

Belt Line

Inwood

Quorum

Parkway

Monticello

Lake Forest

Winnwood

Celestial

Marsh

Les Lacs

Le Grande

Bobbin Dome

Rive

Proton

Midway

Dallas North

Spring Valley

Brookhaven Club Dr

1. Addison Town Hall	5. Addison Athletic Center	9. Service Center
2. Finance Building	6. Pump Station	10. Trinity Athletic Complex
3. Celestial Pump Station	7. Central Fire Station	11. Conference Centre/Theatre
4. Fire Station #2	8. Police Station	

SECTOR 1

- Δ 229 Acres
- Δ 526 Population
- Δ 98% Developed
- Δ 2% Underdeveloped
- Δ Assessed Value 1998
  $164,909,247

SECTOR DESCRIPTION

This sector of the Town is the most topographically attractive of the community. A small drainage creek runs to the east, paralleling Belt Line road, and creates several small ponds before it reaches White Rock Creek. Perhaps because of this amenity, 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 north-west section of Planning Sector 1 contains a mixture of retail and restaurant business establishments.

CAPITAL PROJECTS

Accomplished:

Town Hall Creek Bank Stabilization - Project addressed the erosion of the creek behind Town Hall. The project was completed within the $300,000 budget and will have no impact upon operating expenditures.

Celestial Pump Station Phase I Improvements - To improve water pumping efficiency, the first phase of the project installed two additional, smaller pumps to better accommodate fluctuations in daily demand and a generator to protect against power outages. Project was completed within the $680,000 budget. With completion of the project, annual operating expenses are expected to decline as much as $50,000 by eliminating the need to maintain the Surveyor Pump Station and savings in power costs.

Immediate (1 to 12 months):

Celestial Pump Station Phase II Improvements - The project will install a new computerized pumping management system and an improved microwave relay to coordinate pumping with the Town's storage facilities. Project is scheduled to be completed by mid-1999 at a budget of $165,000. Together with Phase I improvements, annual operating expenses should decline by several thousand dollars in power costs due to more efficient pumping.

Intermediate (13 to 36 months):

Upper Winnwood Pond Clearing - This pond has become heavily silted over the years and is in need of clearing. The work is projected to cost $140,000 and is scheduled

Sector 1
Proportion of Land Use

School, Municipal (8%)
Single-Family Residential (58%)
Retail, Restaurant, Hotel (27%)
Office (7%)
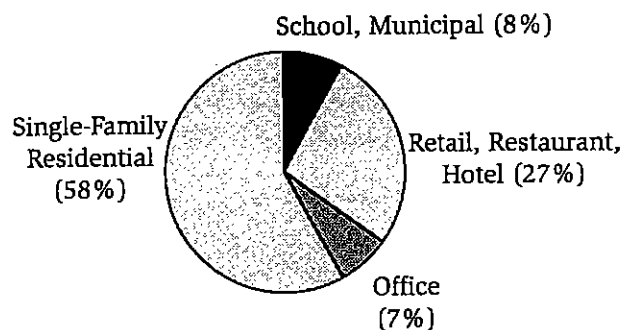
for late 1999 or early 2000. The project will have no impact upon operating expenditures.

Single Point Urban Interchange - The intersection of Belt Line Road and the Dallas Parkway is one of the busiest in the entire Dallas metropolitan area. To expedite movement of traffic, the intersection has been redesigned to allow the simultaneous operation of left turns, east/west traffic and north/south traffic with a resulting 15% to 20% increase in traffic efficiency. Project budget has been established at $2.2 million with funding tentatively identified as coming from DART, Dallas County, and the City of Dallas. Depending upon the availability of outside funding, the project is scheduled to go into design during the 2000 fiscal year with construction beginning sometime in FY2001.

SECTOR COMMUNITY ISSUES

Village on the Parkway - The developer of this retail shopping center completed the center's remodeling with the addition of entrance towers, special paving, sidewalk widening and redirected traffic patterns within the center. The renovations are intended to increase the appeal of the Village to retailers and shoppers. The developer has been successful in attracting new tenants. At some point the Town expects to pursue long-range plans for the 32 acre site including a possible office tower, residential tower, and a full-service hotel.

Prestonwood Mall - The mall's owners have made tentative decisions to eventually demolish the mall and redevelop this valuable piece of property into a combined office, and high-density residential use. Existing retail leases are not being renewed, and it is anticipated the mall will be demolished sometime in calendar year 2000. Although the mall is located in Dallas, its proximity to Addison impacts the Town's traffic flows and local economy. Town staff is closely monitoring development plans to possibly influence how the project is developed for it to have the most positive impact on the Addison community.

Tollway Pedestrian Bridges - Once the single point urban interchange is constructed, pedestrian movement across this intersection will be difficult. To resolve this potential problem, two pedestrian bridges have been contemplated: an east/west bridge south of Belt Line connecting South Quorum and Village on the Parkway and another east/west bridge north of Belt Line connecting the Spectrum/Intercontinental Hotel area to the Prestonwood Mall area. Because of project cost (estimated at $3 million per bridge) and the undetermined future of the Mall, the project has not yet been placed on the Town's five year capital project program.

SECTOR 2

△ 428 Acres
△ -0- Population
△ 88.5% Developed
△ 11.5% Underdeveloped
△ Assessed Value 1998
   $840,947,732

SECTOR DESCRIPTION

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

Sector 2
Proportion of Land Use

Commercial, Industrial (11%)
School, Municipal (6%)
Office (51%)
Retail, Restaurant, Hotel (32%)

CAPITAL PROJECTS

Immediate (1 to 12 months):

Arapaho Road Extension - Phase I (Realignment) - This project is the first phase of the Arapaho Road extension plan. The project will realign Arapaho between the Tollway and Addison Road to facilitate traffic flow and divert some local traffic from the heavily utilized Belt Line Road. Total project cost has been revised upwards to $6.7 million due to higher costs of acquiring right-of-way and additional landscaping. All project costs will be supported by DART LAP funds. The project is under construction and is expected to be completed by June, 1999. Once all phases of the project are complete, there is expected to be a moderate impact ($5,000 to $10,000) on future annual operating expenditures, particularly in the areas of median landscape maintenance, street sweeping and pavement maintenance. These expenditures will not occur anytime within the next fiscal year.

South Quorum Access - Many of the companies located within the South Quorum business park have complained of the delays their employees encounter in leaving the area at the end of the business day. The area's only two exits are to Belt Line Road and the Dallas Parkway (access road associated with the North Dallas Tollway). These routes are extremely congested during rush hours which result in extensive delays for area employees. The best option for providing an additional access is to cross the railroad yard to the west of the business park and connect South Quorum and Landmark to Inwood Road. Town staff completed a preliminary alignment study for a street extension from Wellington Center to South Quorum which includes a connection to Inwood across the tracks. Right-of-way issues are expected to be resolved by mid-1999 with construction scheduled to begin in Fall, 1999. The project budget has been established at $3.6 million and will be supported with bond proceeds from the 1995 bond issue and the 1997 issuance of certificates of obligation. Once completed, the project will not have a material impact on operating expenditures.

Midway Road/Belt Line Road Intersection - The project would greatly enhance traffic movement on the second busiest intersection in the Town. Because of right-of-way acquisition, the project is expected to cost approximately $810,000 of which the Town will support $230,000 through its DART LAP allocations with the remainder paid by the State's PASS program. Design is complete and right-of-way acquisition is underway and should be completed by mid-1999. Depending upon ROW acquisition, construction is expected to begin by Fall, 1999. The project will not have a material impact on operating expenditures.

Quorum Road/Belt Line Road Intersection - Intersection improvements are needed to expedite traffic coming out of the South Quorum office park, particularly during evening rush hours. As with the previous intersection, this project will be paid with DART and PASS funds. The project budget has been established at $810,000 of which the Town will support $230,000 through DART LAP allocations. Although design of the project is almost completed, right-of-way acquisition is expected to delay construction until Fall, 1999. The construction phase is expected to take six to nine months. The project will not have a material impact on operating expenditures.

Intermediate (13 to 36 months):

Belt Line Bus Shelters - The project will provide architecturally compatible bus shelters at major stops along Belt Line Road. The Town will enter into an interlocal agreement with DART and will provide $150,000 from the DART LAP program (50% of project costs) for DART to construct the shelters. The Town's portion covers the cost to upgrade the shelters from standard DART facilities. Construction is scheduled to take place in 2000. Maintenance of the shelters will be the responsibility of DART.

North Quorum Streetscape - The project will duplicate the extensive landscaping and pedestrian features of Quorum Road within Addison Circle to Quorum between Arapaho and Belt Line, providing a link between Addison Circle and the commercial and retail areas along Belt Line. Project has been scheduled for the 2000 fiscal year with a $250,000 budget to be supported with future General fund surpluses. Once completed, the project will increase Park department annual operating expenditures by an estimated $5,000.

Long-term (37 to 60 months):

Arapaho Road Extension -The project would be needed to provide further relief to Belt Line Road. Phases II and III of the project would extend Arapaho from Addison Road to Midway Road. The estimated cost of the project is $8.3 million and the Town would seek DART and Dallas County funding as a match for local funds. Staff is proceeding with the acquisition of key parcels of right-of-way and obtaining dedications of right-of-way when property is developed.

SECTOR COMMUNITY ISSUES

DART Transit Center - Dallas Area Rapid Transit is constructing a transit center between Arapaho Road and the St. Louis & Southwestern Railroad. The railroad has been acquired by DART and is part of that agency's long-term plan for providing rail service in the north Dallas area. In the short-term the center would be used as a bus transfer station and replaces the Prestonwood Mall station. The transit center is an integral part of the special

events district (discussed in Sector 5 narrative), in that it can be used to bring tourists from much of the Metroplex to Addison for special events. The project will not impact the Town's operating expenditures, although Town staff will carefully monitor changes to traffic patterns once the Center opens in mid-1999.

Belt Line Road Streetscape - 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 1999 fiscal year Hotel fund budget is $50,000 to develop plans for moving sidewalks away from the roadway, relocating overhead utilities and adding landscaping to make Belt Line a more pedestrian friendly street. The project has not yet been placed on the Town's five-year capital project program pending completion of the plan and development of a program budget.

SECTOR 3

△ 876 Acres
△ 7,688 Population
△ 95% Developed
△ 5% Underdeveloped
△ Assessed Value 1998
$641,959,906

SECTOR DESCRIPTION

The majority of the Town's population and single-family housing is contained within the boundaries of Planning Sector 3. Prominent features of the sector include Fire Station #2, the Addison Athletic Club, Les Lacs Linear Park, the private Greenhill School and the Dallas Independent School District's large Loos Athletic Center.

Sector 3
Proportion of Land Use

School, Municipal (16%)

Residential (48%)

Retail, Restaurant, Hotel (9%)

Office (21%)

Commercial, Industrial (6%)
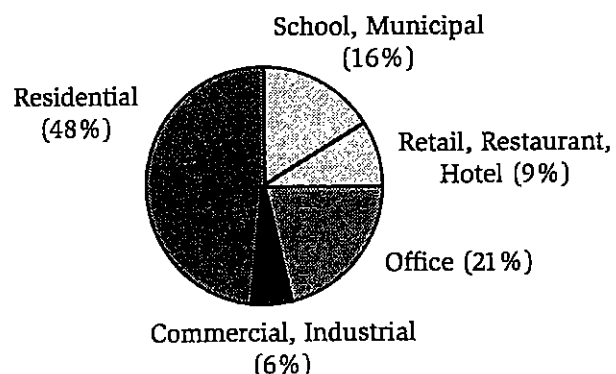
CAPITAL PROJECTS

Immediate (1 to 12 months):

Les Lacs Linear Park System - Phase III - This phase of the linear park system will extend the linear park along the south side of the Les Lacs development adjacent to the Loos Field property. As with the other phases, the project will construct a jogging trail with extensive landscaping joining the trail along Marsh Lane with the East Linear Park trail. Project budget has been established at $931,000 of which $356,000 was spent on land acquisition. The project is scheduled to begin in early 1999 and be completed by mid-year and is funded through the 1997 sale of certificates of obligation. This particular phase will add approximately $13,000 to the Parks department annual operating budget.

Brookhaven/Spring Valley Water Line Replacement - This project will replace a deteriorated cast iron water line in Marsh from Brookhaven Club Drive, north to Spring Valley. Project budget has been established at $450,000 and is scheduled to take place during the 1999 fiscal year. Once completed the project is expected to save an estimated $20,000 annually in water purchases and line repair costs.

Brookhaven Sewer Crossing - Project replaces an aerial crossing over a creek bed with an improved underground crossing which would eliminate the possibility of contaminating storm water. Budget has been established at $437,000 and construction is expected to begin by mid-1999. The completed project will not have a material affect on operating expenditures.

Long-Term (37 to 60 months):

Athletic Club Expansion - In anticipation of the growth of residents accompanying the Addison·Circle development, tentative plans have been made to expand the Club approximately 10,000 square feet to provide an expanded weight training area. The project would be designed during FY2002 and built during the 2003 fiscal year. The expansion budget is tentatively established at $1.5 million, would be funded with General fund surpluses, and is not expected to have a material impact on operating expenditures.

Les Lacs Linear Park Phase IV - This final phase would develop the three acre vacant area to the southwest of the Club. Project budget has been established at $750,000 and is expected to be supported with General fund surpluses in the 2002 fiscal year. Impact of the project on operating expenses will be determined by the type of park designed and constructed.

SECTOR 4

Δ 601 Acres
Δ -0- Population
Δ 92% Developed
Δ 8% Underdeveloped
Δ Assessed Value 1998
    $262,941,528

SECTOR DESCRIPTION

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

Sector 4
Proportion of land Use

Retail, Restaurant, Hotel (0.2%)

Airport (43%)

Commercial, Industrial (56.5%)

School, Municipal (0.3%)
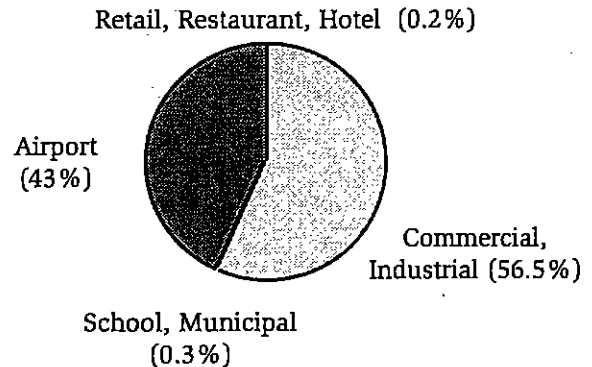
CAPITAL PROJECTS

Accomplished:

FAA Airport Land Acquisition - The Town recently purchased property adjacent to the airport's west-side needed for the eventual extension of the west taxiway. The $500,000 purchase was funded by a 90% FAA grant and 10% paid from Airport fund resources. Acquisition of the property will have a minor impact on operating revenues by removing private property from the tax rolls.

West-Side Taxiway Reconstruction - Substantially completed was reconstruction of the west-side taxiway at a budgeted cost of $2.5 million of which 90% was funded with a Texas Department of Transportation Airport Improvement grant and the remainder from the Airport fund. The project is not expected to have a material impact on operating expenditures.

Airport Utilities Replacement - The project replaced approximately 4,500 feet of deteriorated water lines and 4,300 feet of sewer lines at a cost of $1 million. The project was supported through the Utility fund's capital reserve and is expected to save approximately $50,000 annually in maintenance costs and lost water.

Midway/Dooley Intersection - Project provides signalization and intersection modifications to improve access onto Midway Road from Dooley Road. Project was completed within its $175,000 budget and was supported with DART LAP funds. The project is not expected to have a material impact on operating expenditures.

Immediate (1 to 12 months):

Keller Springs Toll Tunnel Land Acquisition - The Toll Tunnel (see project description below) required approximately three acres of airport property which, in accordance with agreements with the FAA, the Town must replace. The Town will identify properties that will be most conducive to airport operations. Property acquisition is estimated to cost $2 million and will be paid from the 1997 issuance of certificates of obligation. Acquisition of the property will have a minor impact on operating revenues by removing private property from the tax rolls, but this should be offset by future development (e.g. new hangers) on the property.

Intermediate (13 to 36 months):

Addison Road Widening Phase I - This phase of the project will widen Addison road to a 5-lane roadway to accommodate the increased traffic associated with development and the anticipated opening of the Toll Tunnel. Project will be designed during the 1998 fiscal year with right-of-way acquisition scheduled for 1999 and construction for FY2000. Total project budget has been set at $2,500,000 and will be paid from proceeds of the 1997 sale of certificates of obligation. Annual operating expenditures associated with the completed project are estimated to total $5,000.

Dooley/Wright Brothers Road Connection - Project will connect Wright Brothers Road to Dooley Road near Midway Road to provide access to that road's new signal. Several issues affecting property owners require resolution prior to proceeding with the project. Project is budgeted at $200,000 and would be supported with FY2000 General fund surpluses. The project is not expected to have a material impact on operating expenditures.

Part 150 Update and Part 161 Study - Project would update the noise configuration around the airport with the goal of ensuring compatible development around the airport as well as protecting the airport's economic value to the community. The cost of the Part 150 Update would be $150,000 and is expected to begin sometime during the 1999 fiscal year. The Part 161 Study would cost $175,000 and begin in FY2000. Both studies will be supported through a 90% FAA grant and a local match from the Airport fund.

Airport Drainage - This project will remove the existing ditch at the north end of the airport from the runway protection zone. The project is programmed for the 2001 fiscal year and is estimated to cost $600,000, of which 90% will be supported through a FAA capital grant.

Long-Term (37 to 60 months):

Cavanaugh Flight Museum - Currently residing on the airport is the Cavanaugh Flight Museum, which has become a popular tourist attraction. The museum is privately owned and houses an extensive collection of vintage aircraft. The museum is limited to four standard aircraft hangars which limit the museum's ability to properly showcase the aircraft. The Town is currently in negotiations with the museum's owner to enter into a joint-venture which may include the Town constructing a new facility specially designed for the museum. The budget for the project is currently set at $6 million and would be supported with Hotel fund surpluses or issuance of hotel occupancy tax revenue bonds. At this time the project is tentatively scheduled for fiscal years 2001 and 2002.

SECTOR COMMUNITY ISSUES

Keller Springs Toll Tunnel - The North Texas Tollway Authority is constructing a toll tunnel that will connect Midway road and the North Dallas Tollway. The project will benefit the Town by diverting traffic from Belt Line Road, which is at capacity. The project's cost is estimated to be $25 million which will be funded by revenue bonds issued by the Authority. Through an agreement with the Authority, the Town has pledged to be a guarantor of the debt service associated with approximately $2.5 million of the revenue bonds in the event the Authority defaults on the bonds. Because the Authority is an extremely viable state agency, the likelihood of a default is negligible. Construction is expected to be completed by early 1999. Despite the magnitude of the project, it does not appear the tunnel will have a material impact to operating expenses since the project will only shift traffic from one area of Town to another.

Addison Airport Traffic Control Tower - The Federal Aviation Administration is proceeding with land acquisition and the architectural design of the new tower. It is anticipated that bids will be awarded in early 1999 with the commissioning of the new tower scheduled for October, 2001.

SECTOR 5

- Δ 130 Acres
- Δ 668 Population
- Δ 73% Developed
- Δ 27% Underdeveloped
- Δ Assessed Value 1998
  $205,204,310

SECTOR DESCRIPTION

The smallest of the planning sectors, Sector 5 contains Addison's old business district. While the area has been among the least developed in the Town, the Addison Circle development has transformed this sector into a vibrant nucleus of the Addison community.

Sector 5
Proportion of Land Use

Residential (33%)

School, Municipal (9%)

Retail, Restaurant, Hotel (36%)

Office (5%)

Commericial, Industrial (17%)
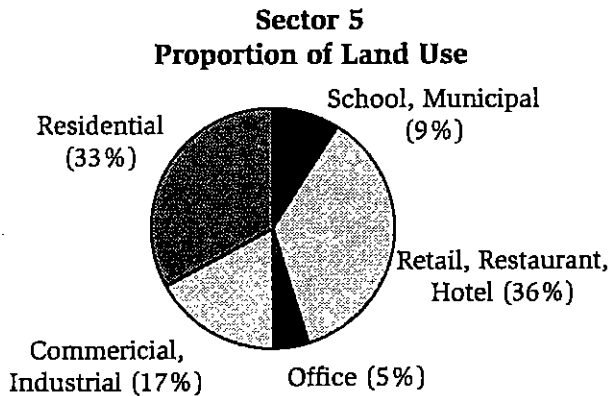
Addison Circle (Urban Community District) - The district envisions an area which combines extensive park and median greenscape with upscale multi-family housing in the north Quorum area. The objective of the district is to provide a setting for special events and to establish a community setting in what has been a totally commercial sector. The district's developers plan for the district to eventually include 3,000 residential units mixed with small retail shops within four to eight story buildings. The first phase of the project was completed last year and includes 450 units. The entire development may take 5 to 10 years for ultimate build-out. The Town has negotiated with the developers and property owners a public/private partnership which has the Town building much of the district's infrastructure in return for the developer adhering to superior construction and design standards and the property owners dedicating land for park and special event purposes. The Town has committed to spending no more than $10 million on the project, depending upon the number of units built. Much of the Town's initial contribution was financed through the 1995 issuance of general obligation bonds and the 1997 issuance of certificates of obligation. Annual

operating costs associated with full build-out of the district are estimated to be between $300,000 and $400,000, primarily for additional police officers. Property taxes and user fees, ranging from $500,000 to $750,000 annually, associated with the private development would offset costs.

CAPITAL PROJECTS

Accomplished:

Addison Circle - Bosque Park - This "vest pocket" park will encompass only one acre but has been designed to provide a relaxing venue for the urban community's residents. The project was completed within the $535,000 budget. Annual operating expenditures associated with this park have been estimated to be less than $5,000.

Immediate (1 to 12 months):

Addison Circle Street Infrastructure Phase IIa - This phase of Addison Circle includes the public infrastructure to support the 481 apartments, 65,000 square feet of commercial/retail space, 340,000 square feet of office space, a 138 room hotel, a mini-storage facility, and six town homes. The public infrastructure includes $4 million of streets, storm drainage, water and sewer utilities, and streetscape. The project is jointly funded with a $2.8 million developer contribution and a $1.9 million Town match funded through prior year General fund surpluses and bond sales. The project is scheduled to take place during the 1998 and 1999 fiscal years. A part of this project is the improvement of railroad street crossings around the development. The improvements will cost $300,000 and will be paid from designated 1999 fiscal year General fund surpluses.

Addison Circle - Rotary Park - The signature feature of the development is a park located within the traffic circle at the intersection of Quorum Drive and Addison Circle Drive. The park will contain a dominant art feature unique to the urban development. The Town commissioned an artist who has completed design and engineering of the project. The art piece is being fabricated and is scheduled for installation in late 1999. The project budget has been increased to $2.1 million of which $1,765,000 will be funded by the Town with General fund surpluses and $350,000 funded by the Addison Circle developer, Post Properties.

Addison Circle - Esplanade Park - This 1.2-acre park will extend along the Addison Circle Drive median between Quorum Drive and the Tollway to create a spacious landscaped boulevard within the Addison Circle development. The park is being designed to accommodate special events and is scheduled to be constructed during early 1999. Project budget has been established at $610,000 and will be supported with proceeds from the 1997 issuance of certificates of

obligation. Once completed, the project is expected to increase annual Parks department operating costs by less than $5,000.

Addison Circle - Special Events District - The Town has acquired over twelve acres on the southwest corner of the Quorum/Addison Circle intersection to be used as a park as well as a site for the Town's various special events and to complement use of the Addison Conference and Theatre Centre. The Town is in the process of acquiring the remaining 4.75 acres of adjacent land from various property owners at an estimated cost of $1.4 million and is included in the Hotel fund FY1999 budget. Another $4.36 million is planned over the next two fiscal years to make the entire 18 acre site suitable for recreational and special event purposes. These expenditures are supported by surplus Hotel fund balances as anticipated in that fund's long-term financial plan. Once fully landscaped, the property will cost an estimated $50,000 annually to maintain as part of the Special Events operating budget.

Intermediate (13 to 36 months):

Morris Road Extension - Project will extend Morris Road, connecting the Addison Circle development with Addison Road. With the purchase of right-of-way during the 1998 fiscal year, a construction budget of $1 million has been established. Design of the project is scheduled for FY2000 and construction is to take place during FY2001. The project once completed will not have a material impact on operating expenditures.

Addison Circle Phase IIb - The third phase of this development is in the planning process with construction not slated to begin until 2001. The Town's commitment to this phase would be limited to $2.5 million and would be paid from General fund surpluses in the 2001 and 2002 fiscal years.

SECTOR 6

Δ 523 Acres
Δ 3,308 Population
Δ 79% Developed
Δ 21% Underdeveloped
Δ Assessed Value 1998
   $384,995,890

SECTOR DESCRIPTION

Sector 6 is distinguished from the other planning areas by the fact that it has the most footage fronting the North Dallas Tollway, making it conducive for future office development. Located in the sector is the private Trinity Christian Academy which contains athletic facilities shared with the Town of Addison.

**Sector 6
Proportion of Land Use**

Retail, Restaurant, Hotel (4%)

Residential (34%)

Office (39%)

School, Municipal (6%)

Special Use, Commercial (17%)
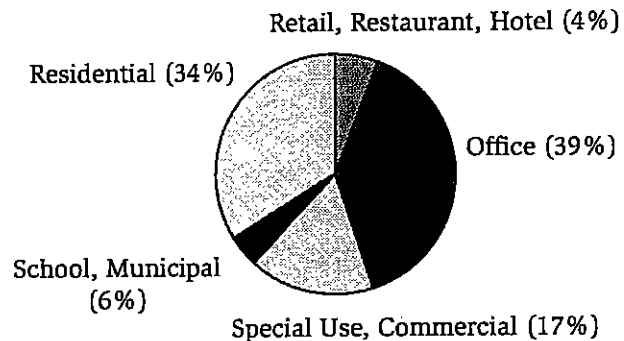
CAPITAL PROJECTS

Immediate (1 to 12 months):

Addison Road/Excel Parkway Intersection - The location of Excel Corp. to this area is expected to significantly increase the volume of traffic through this intersection. The project would widen Addison Road allowing for free turn lanes and signalize the intersection. Project cost is estimated to be $250,000 and funding will be from future DART LAP allocations. Project has been delayed due to problems with acquiring right-of-way and is now scheduled to begin in Spring, 1999 and be concluded within four months. The project will not have a material impact to operating expenditures.

Keller Springs/Quorum Drive Intersection - This project will expand the intersection by providing protected left turn lanes on Keller Springs which will allow the intersection to efficiently accommodate more traffic. The project budget is $200,000 and will be supported with DART LAP funds. Project is anticipated to start in early 1999 pending right-of-way acquisition.

Keller Springs/Addison Road Intersection - The project will expand the intersection by providing additional turn lanes to accommodate the additional traffic accompanying completion of the Keller Springs Toll Tunnel. The project budget is $250,000 and will be funded from future DART LAP proceeds. Construction is scheduled for mid-1999. The project will not have a material impact to operating expenditures.

Long-Term (37 to 60 months):

North Tollway Landscaping Phase III - The project would extend the landscaping on the west Tollway service road, from Westgrove Road, north of Sojourn Drive to the city limit line. The project will complete the landscaping along the Town's eastern edge to achieve a distinctive and aesthetically pleasing gateway into the Town. Project budget has been established at $323,000 and would be supported by future General fund surpluses. The project is scheduled to take place during the 2003 fiscal year. Once completed, maintenance of the additional landscaping would add approximately $5,000 to annual Park department expenditures.

Measuring Achievement!
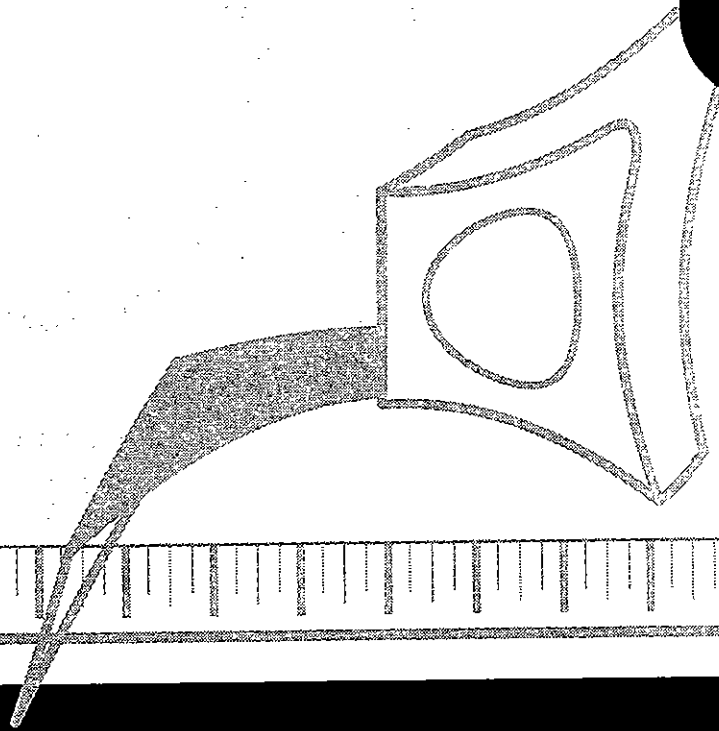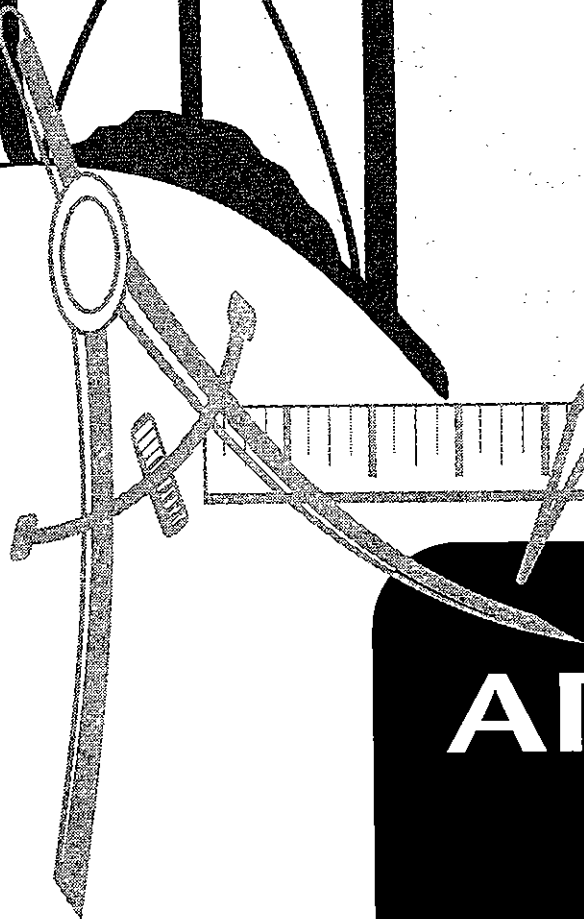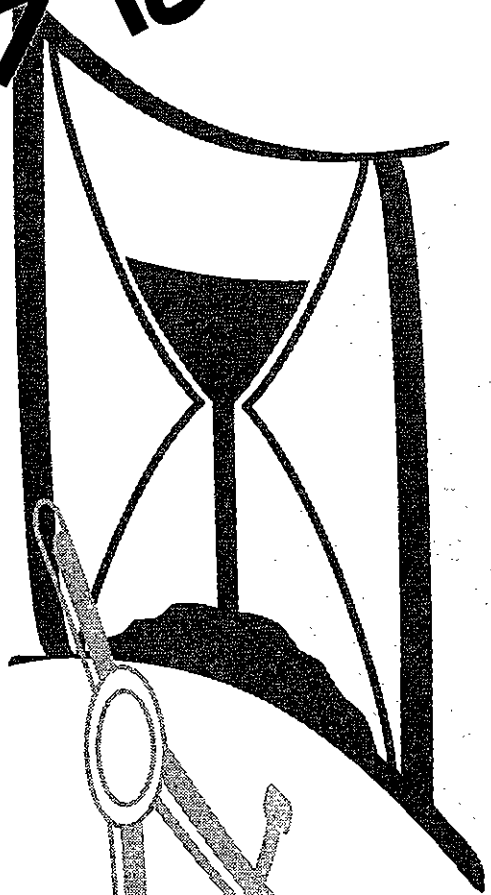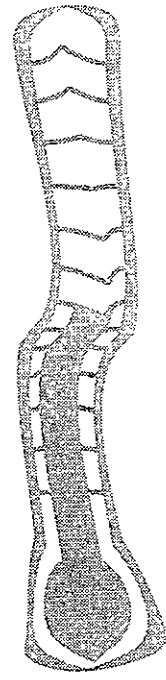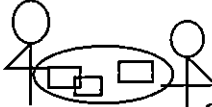
Town of Addison

APPENDICES
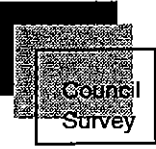
Appendix A – The Budget Process

	March 27
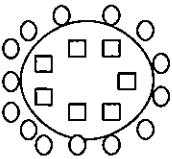
1 City Manager meets with Department Heads

May 12	
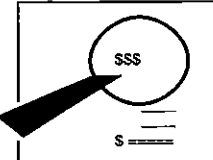
2 Surveys distributed and tabulated

Council Survey

May 12	June 20
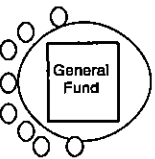
3 Initial Work Sessions with Council

	May 22

4 Budget Requests Submitted and Reviewed

$$$

June 23	

5 Council reviews General fund budget

General Fund

	July 27

6 Certified Tax Roll Received

Tax Roll

1. City Manager meets with department heads to discuss budget process and provide staff direction for budget development. Preliminary FY1999 department budgets are established with a 0% increase ceiling over prior year appropriations which cannot be exceeded without departments submitting separate expanded levels of service requests. Department budgets are prepared and submitted to Finance through the mainframe computer system.

2. A survey is distributed to Council members to gauge their positions on levels of city services and other budget issues. Surveys are tabulated and reflect a general level of satisfaction with services. Council requested more information relating to juvenile law enforcement programs and youth recreation activities.

3. An initial workshop session is conducted prior to the regularly scheduled Council meeting. The Finance director briefly describes the process for development of a municipal budget and presents the budget development calendar. Subsequent workshop sessions are conducted with Council to review General fund departments and operations. Also discussed are the assumptions used by the fund's long-term financial plan. Following these meetings, staff has direction for developing the General fund budget.

4. Deadline for department budgets to be submitted to Finance. The Finance director will spend the next several weeks reviewing department budgets for presentation to the Council at work sessions conducted during June.

5. Council reviews General fund budget and expanded levels of service requests totaling $1,044,930. Following the meeting, Council tentatively agrees to approve ELS's of $204,280 which will be incorporated into the 1999 budget. Council also makes decisions related to funding non-profit agencies.

6. Certified appraisal rolls from Dallas County Appraisal District are received showing taxable values of $2,493,795,333.

	July 30

1998-99
City Manager's
Proposed Budget   (7)

Proposed Budget Filed
with City Secretary

7. City manager's proposed budget is filed with the City Secretary and made available to the public as required by the City Charter. Budget reflects total appropriations of $56,108,140 and a tax rate of 40.92¢.

August 6	August 20

(8)
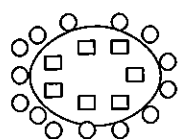
Effective Tax Rate
Published

8. Upon receipt of the certified appraisal rolls, the Finance department performs the net effective tax rate calculation as required by State law. The net effective tax rate is calculated to be 40.31¢ with a roll back rate of 40.02¢. Recent changes in State law require holding of public hearings if the proposed tax rate produces a levy greater than the levy of the previous year.

August 11	

(9)

Worksessions
with Council

9. Council reviews the City Manager's proposed budget and addresses any unresolved issues. The City Manager presents his recommendation for funding the Town's merit pay plan. He recommends, and the Council approves funding merit pay at an average of six percent of salaries. The Finance director discusses with the Council the process for publishing and adopting the property tax rate for the 1998-99 budget. Council takes a vote of record to tentatively adopt a tax rate of 40.00¢.

	August 25

(10)

Public Hearing
Held

10. Following the required newspaper notices, a hearing is conducted at a regularly scheduled Council meeting. There was no public comment received on the budget or the proposed tax rate.

September 8	

CITY COUNCIL   (11)

Council Adopts the
1998-99 Budget

11. Council approves ordinances adopting the budget for the fiscal year beginning October 1, 1998 with total appropriations of $56,941,070 and a tax rate of 40¢. During the meeting, Council also adopts an ordinance reducing water and sewer rates by five percent effective with the November, 1998 billing.

September 14	November 30

ANNUAL
BUDGET
1998-99   (12)

1998-99 Budget
Document is
Published

12. Finance director and administrative secretary work closely to develop final budget document; document is returned from printers and distributed to users.

	May 1998

1998-99
BUDGET
-Amended-   (13)

Budget is Amended

13. Typically, in May or June, a work session is conducted with Council to discuss mid-year budget adjustments; budget amendments are adopted by ordinance.

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(Charter Requirements*)

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 first 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 evaluations 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 fund.

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 Council, allowing interested citizens to express their opinions concerning items of expenditures, 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 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 Council fails to adopt the budget, the City shall continue to operate under the existing budget until such time as the 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 Council shall constitute the official appropriations for the current year and shall constitute the basis of the official levy of the property tax. Under conditions which may arise the 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 Council.

BASIS OF ACCOUNTING AND BUDGETING

1. The Town's finances shall be accounted for in accordance with generally accepted accounting principles as established by the Governmental Accounting Standards Board.

   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 reserve 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 reservations of fund balances and do not constitute expenditures or liabilities since the commitments will be reappropriated and honored the subsequent fiscal year.

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 finance director. Transfers between operating departments may occur with the approval of the city manager and finance director provided that a department's total budget is not changed by more than five percent. Transfers between funds or transfers between departments that change a department's total budget by more than five 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 Finance Director shall cause to be prepared a Comprehensive Annual Financial Report (CAFR) in accordance with generally accepted accounting and financial reporting principles established by the Governmental Accounting Standards Board. 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 city's finances on the basis of generally accepted accounting principles (GAAP). The CAFR shall show fund revenues and expenditures on both a GAAP basis and budget basis for comparison purposes. In all but two cases this reporting conforms to the way the city 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 Comprehensive Annual Financial Report shall be the results of the annual audit prepared by independent certified public accountants designated by the City Council.

4. The Finance Director shall within sixty days following the conclusion of each calendar quarter, issue a report to the 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 shall not exceed the eight percent (8%) roll-back rate as defined by the State of Texas Property Tax Code.

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 will not provide tax abatements 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, 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.

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

      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. Existing capital equipment shall be replaced when needed to ensure the optimal productivity of Town employees. Existing capital equipment associated with General fund operations in excess of $5,000 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 within the General fund will submit their annual budgets to the City Manager within a ceiling calculated by the Finance Director from the General fund's Long-Term Financial Plan. Projected expenditures that exceed the ceiling must be submitted as separate Expanded Levels of Service requests. The City Manager will recommend the ELS requests to the Council, which will vote on the requests, separate from the operating budget.

FUND BALANCE

1. The annual budget shall be presented to Council with each fund reflecting an ending fund balance which is no less than 25% 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% minimum.

2. Fund balance which 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 arrest the future use of fund balance for operating expenditures.

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.)

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.

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 maintain a rapid debt retirement policy by issuing debt with maximum maturities not exceeding fifteen (15) years. Retirement of debt principal will be structured to ensure constant annual debt payments.

3. The Town will attempt to maintain base bond ratings (prior to insurance) of A1 (Moody's Investors Service) and A+ (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

The Town will design utility rates sufficient for funding a depreciation reserve which will accumulate resources to replace or rehabilitate aging infrastructure which 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 Comprehensive Annual Financial Report.

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.

COMPARISON OF MAJOR REVENUE SOURCES
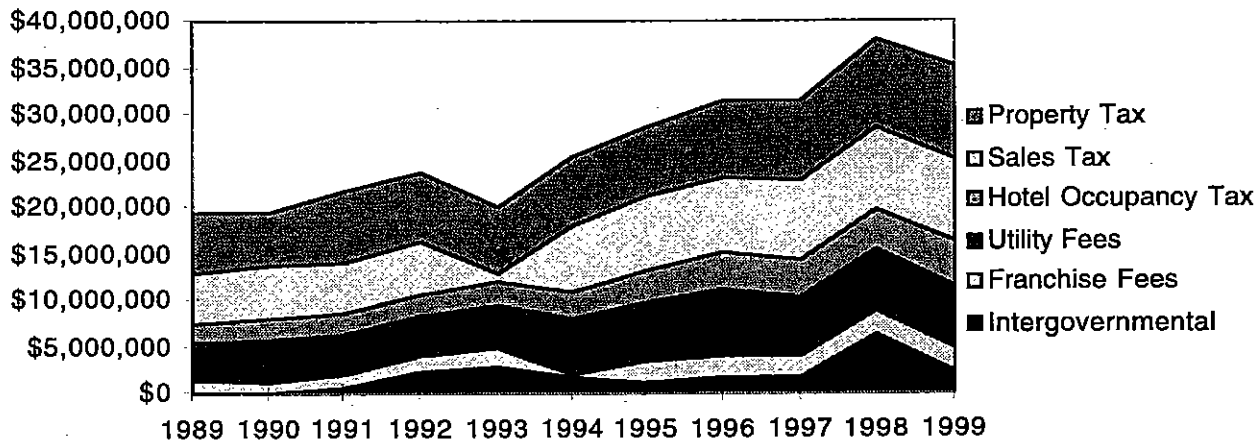
MAJOR REVENUE SOURCES

The revenue sources described in this section account for $35,874,300 or 80.5% of the Town's total operating revenues (excludes bond proceeds and interfund transfers/charges)

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 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the Town. Assessed values are established by the Dallas Central Appraisal District at 100% of the estimated market value and certified by the Appraisal Review Board. The assessed taxable value for the roll of January 1, 1998, upon which the fiscal 1999 levy is based, is $2,500,958,613. This amount is net of approximately $180,710,557 (representing 7.2% of taxable value) of agricultural, homestead, over-65, and disabled veteran exemptions. The 1998 tax roll is 18.1% greater than the revised 1997 roll. This increase represents the highest of all Dallas

County cities and is the fifth consecutive year posting an increase in values. Based upon the value of building permits issued for several new office buildings and Phase II of the Addison Circle development, the double-digit growth in values is expected to continue at least for the next one to two years.

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, 1999 is 40.00¢ per $100 of which 14.88¢ is allocated for general government operation and maintenance and 25.12¢ is allocated for general obligation long-term debt.

In Texas, county-wide central appraisal districts are required to assess all property within the appraisal district on the basis of 100% 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 effective 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%, qualified voters of the Town may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year. The FY1999 tax levy adopted by the Town is less than the 40.02¢ roll-back rate.

ASSESSED VALUATION OF TAXABLE PROPERTY
As of January 1
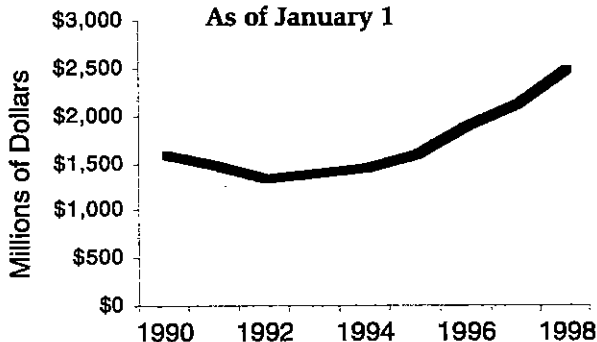
SALES TAX
CUMULATIVE PERCENT CHANGE FROM PRIOR YEAR
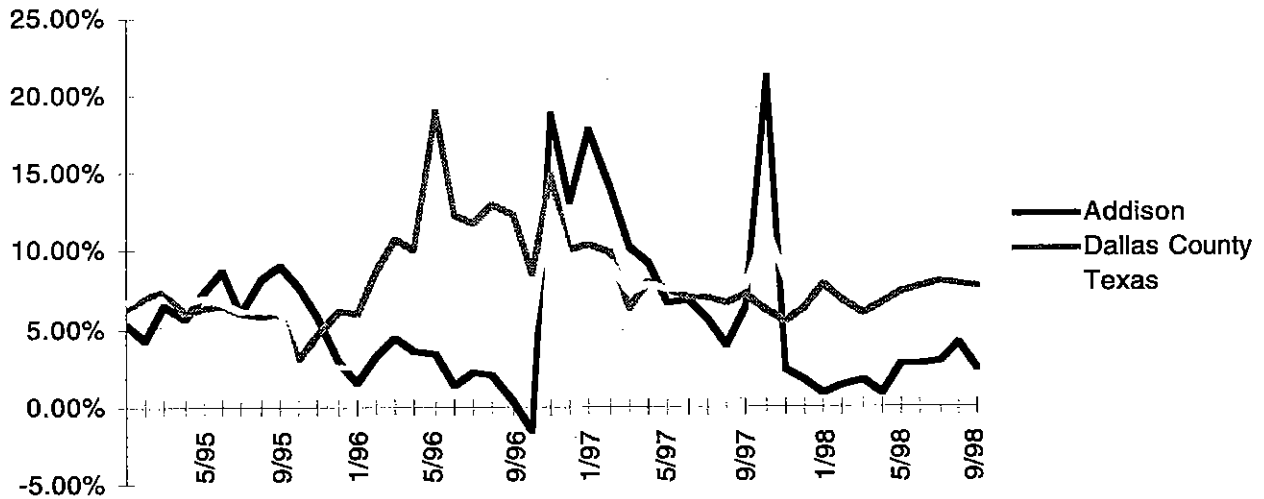
Taxes are due January 31 following the October 1 levy date and are considered delinquent after January 31 of each year. Based upon historical collection trends, current tax collections for the year ending September 30, 1999 are estimated to be 98.65% of levy and will generate $9,868,800 in revenues. Delinquent taxes and penalties are expected to produce an additional $40,000.

SALES TAX

The sales tax in Addison is 8.25% 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% tax, the State retains 6.25% and distributes 1% to the Town of Addison and 1% to the Dallas Area Rapid Transit mass transportation authority. The State distributes tax proceeds to local entities within forty days following the period for which the tax is collected by the businesses.

For the year ending September 30, 1999, the Town of Addison expects to receive $8,950,000 in sales and use tax revenue. This amount represents a one percent increase over the prior year's budget. As illustrated by the accompanying line graph, Addison's monthly collections during FY1998 averaged a little more than 2% over what was collected in FY1997. This trend compares with the 7.7% increase for Dallas County and 10.3% for the State. The one percent growth in Town sales tax collections assumed in the budget is conservative and derived from the experience from the past year. However, economic forecasts predict an average three percent expansion in the State and regional economies for the next ten years. Together with the surge in multi-family and office development in Addison, sales tax collections should surpass the budgeted assumption. Sales tax collections are notoriously unpredictable and Addison's collections can vary significantly from one month to the next. One reason attributed to Addison's volatility is its unique sales tax base which is dependent

DISTRIBUTION OF SALES TAX REVENUE
ADDISON/DALLAS COUNTY

Retail - Restaurant, Liquor, Food 23% / 14%

Services/Utilities 22% / 34%

Addison / Dallas County

Wholesale / Trade 13% / 3%

Retail - Other 24% / 9%

Construction/ Manufacturing 6% / 11%

Retail - Durable 13% / 24%
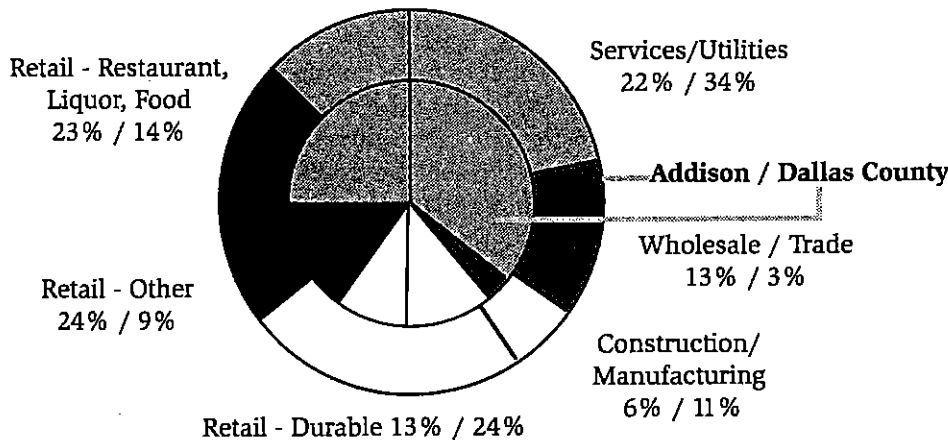
upon retail sales. Sales tax derived from retail sales total over 60% in Addison compared to only 47% in the Dallas area (see accompanying pie chart).

Another sales tax levied by the state is the mixed drink tax which is applied against all mixed drinks and package liquor sold in the city. The tax is 12.5% of sales price and, like the general sales tax, is collected by the State. The Town's share of the *dollar* revenues generated by the tax is 10.7% which is expected to produce $800,000 for the 1999 fiscal year. Although Addison has only 12,190 residents, its concentration of hotels and restaurants makes it the eighth highest city in Texas for mixed drink beverage sales, surpassing Corpus Christi with a population of 257,000.

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.

Under these rates, each customer pays a minimum monthly bill depending upon how their account is classified. For example a single-family customer will pay a minimum bill of $7.36 for water which includes 2,000 gallons. At the other end of the scale, an industrial customer with a meter greater than 2" in size pays a minimum bill of $235.31 with an allowance of 80,000 gallons. Water consumed in excess of the minimum allowance for all customers is billed at $1.43 per 1,000 gallons. Sewer charges are dependent upon the volume of water consumed and are structured similar to the water rates. The exceptions to this rule are 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 which consumes 10,000 gallons is $45.45. These rates are effective for the 1999 fiscal year and are five percent less than the rates in effect for the FY1998. Utility rates were reduced due to the fund realizing more revenue than was needed for its operating and capital needs.

Shown below is a distribution of customers by classification (as of 6/30/98) and the approximate percentage of contribution each classification makes to water and sewer operating revenues.

For the 1998-99 budget year, the Town's Utility Fund anticipates receiving $2,977,000 from sale of water and $3,562,000 from sewer fees. The total utility fees represent a 9.7% decrease from previous year estimates. The decline is attributed to a five percent reduction in water and sewer rates and an assumption of a normal summer in 1999 following the unusually dry and hot summer of 1998. The reduced rates are possible because of an expanding customer base resulting from the surge in multi-family and commercial construction.

Customer Classification	WATER		SEWER	
	Number of Accounts	Percent of Revenues	Number of Accounts	Percent of Revenues
Single Family	1,534	11.6	1,524	10.0
Multi-Family	112	22.7	112	35.9
Municipal/School	25	1.1	25	1.5
Irrigation	474	24.4	0	0.0
Hotel/Motel	20	8.8	20	12.5
Commercial	618	29.2	618	39.5
Fire Meter	162	1.7	0	0.0
Industrial	12	0.5	12	0.6
Total	**2,957**	**100.0%**	**2,311**	**100.0%**

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%, the maximum allowed by law, and is levied with the State's 6% rate. Revenue generated by the tax is restricted by State law to directly enhance and promote the tourist, convention and hotel industries. For the year ending September 30, 1999, the Town expects to receive $4,850,000 in occupancy tax receipts, a 12.8% increase over the previous budget. The increase is attributed to the addition of another 271 rooms with completion of the Hilton Garden Inn and the Marriott Courtyard in 1999. Over the next four years, revenue is expected to increase an average 5.75% annually. Addison's collection of hotel occupancy tax ranks it eighth in the State of Texas, just behind Corpus Christi, a city on the gulf coast with a population of 257,000.

Establishment	Number of Rooms	Percentage of Revenue
Comfort Inn	86	2.1
Crown Plaza Hotel	429	8.9
Holiday Inn	118	3.4
Hampton Inn	160	4.3
Homewood Suites	128	4.0
La Quinta Inn	152	5.1
Marriott Courtyard	147	5.4
Marriott Quorum	548	28.8
Marriott Residence	150	4.1
Motel 6	168	2.5
Quality Inn (opened May, 1998)	78	0.3
Ramada	78	0.7
Sleep Inn	63	1.3
Summerfield Suites	132	5.6
The Hotel Intercontinental	529	23.4
TOTAL	2,966	100.0

INTERGOVERNMENTAL REVENUE

In the Airport fund, the Town is expected to receive $562,500 in Federal Aviation Administration (FAA) grants for capital improvements at the Town's airport. The grants support 90% of the cost of improvements. The 1999 fiscal year allocation is for completion of the rehabilitation of the airport's west side taxiway. Due to funding limitations at the Federal level, it is not likely the Town will receive significant funding over the next few years following completion of the FY1999 project.

The Town is also expected to receive funds from Dallas Area Rapid Transit (DART) through its Local Assistance Program. The program is designed to pay for capital projects directly associated with vehicular congestion management and represents a "rebate" of sales tax generated from retail sales within the Town. Funding for the 1998-99 budget is estimated to be $1,640,000 which will pay for several street and intersection improvements. This amount is comprised of the 1999 fiscal year allocation as well as unspent funds from prior year allocations. Based on historic sales tax revenue, the Town is projected to receive an average $1.6 million annually until the program's conclusion in FY2004.

FRANCHISE FEES

The Town of Addison maintains non-exclusive franchise agreements with utilities which use the Town's roadway right-of-ways to conduct their business. Besides defining the responsibilities of the utilities in maintaining their assets, the agreements contain a franchise fee clause which require the utilities to compensate the Town for use of the right-of-ways. Generally, the fees are based upon a percentage of a utility's gross receipts (generated by customers located within the Town's corporate limits) which range from 4% to 5%. Revenues from the natural gas, electric power, telephone, and cable television franchises is anticipated to total $2,624,000 in the 1998-99 fiscal year, which represents an 3.8% increase over the previous year's budget. This increase is attributed to the additional residential and commercial development in Addison which has generated increased sales for all cable and utility companies.

With deregulation of the telecommunications industry, attention has focused on the structure of right-of-way agreements as well as the method of compensation. The Town has currently four telecommunication carriers within its rights-of-way and is rapidly running out of room to accommodate additional utilities. The telecommunications industry has also pressured Texas communities as well as the State Legislature to consider a different method of compensation to recognize the fact that many companies will begin to share assets located within rights-of-way and should not be required to "double pay" for the same assets. Over the next year, the Town will work with industry representatives to arrive at an equitable method of compensating the Town for use of its rights-of-way to conduct their business.

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Appendix D – Long Term Financial Plan

General Fund Long-Term Financial Plan

	Actual 1996-97	Estimated 1997-98	Base Year Budget 1998-99	Year 1 Projected 1999-2000	Year 2 Projected 2000-2001
BEGINNING BALANCE	$ 5,579,649	$ 4,891,170	$ 4,710,310	$ 4,868,310	$ 4,813,210
REVENUES:					
Ad valorem taxes	2,937,878	3,239,500	3,686,070	4,081,100	4,517,800
Non-property taxes	9,117,606	9,520,000	9,750,000	10,140,000	10,545,600
Franchise fees	2,439,476	2,511,450	2,624,000	2,729,000	2,838,200
Licenses and permits	550,173	595,250	472,750	491,700	511,400
Service fees	974,786	1,038,000	1,065,100	1,107,700	1,152,000
Fines and penalties	575,330	457,500	535,000	556,400	578,700
Interest income	341,259	355,000	345,000	358,800	373,200
Rental income	120,161	126,000	125,000	130,000	135,200
Miscellaneous	17,001	5,000	5,000	5,200	5,400
TOTAL REVENUES	17,073,670	17,847,700	18,607,920	19,599,900	20,657,500
EXPENDITURES:					
Operating:					
Personal services	10,105,925	10,716,930	11,256,180	11,761,500	12,288,300
Supplies	665,314	647,670	707,030	721,200	735,600
Maintenance	1,388,806	1,760,390	1,831,330	1,868,000	1,961,400
Contractual services	2,751,494	2,661,730	2,841,220	2,898,000	2,984,900
Capital replacement/lease	899,210	907,390	1,049,340	1,049,300	1,049,300
Capital outlay	146,404	198,450	214,820	150,000	150,000
Other uses	1,805,000	1,136,000	550,000	1,207,000	1,000,000
TOTAL EXPENDITURES	17,762,153	18,028,560	18,449,920	19,655,000	20,169,500
ENDING FUND BALANCE	$ 4,891,166	$ 4,710,310	$ 4,868,310	$ 4,813,210	$ 5,301,210

Calculation of available funds:					
Ending fund balance	$4,891,166	$4,710,310	$4,868,310	$4,813,210	$5,301,210
Less minimum requirements			4,474,980	4,612,000	4,792,380
Excess funds available for capital projects			$393,330	$201,210	$508,830

Debt issuance variable:					
Beginning debt outstanding	$25,830,071	$20,827,191	$26,468,611	$21,154,261	$15,667,561
Principal retired	5,002,880	5,358,580	5,314,350	5,486,700	2,219,870
Principal issued	0	11,000,000	0	0	6,000,000
Ending debt outstanding	$20,827,191	$26,468,611	$21,154,261	$15,667,561	$19,447,691

Tax rate variable:					
General fund	$0.1562	$0.1532	$0.1488	$0.1444	$0.1439
Debt service fund	$0.2988	$0.2943	$0.2512	$0.2201	$0.1975
Total	$0.4550	$0.4475	$0.4000	$0.3645	$0.3414

Staffing variable:					
Full-time equivalent positions	208	209	210	211	213
Average cost per FTE	$48,586	$51,277	$53,601	$55,742	$57,692

NOTE: Shaded area reflects projected appropriation of surplus funds for future designated projects.

LONG-TERM FINANCIAL PLAN

In accordance with the Town's financial policies, the 1998-99 budget was developed in context of a long-term financial plan. The objective of the plan is to limit operating expenses to the amount needed to maintain existing levels of service to the community. Surplus revenues (identified also as fund balance in excess of minimum requirements) would be applied to support one-time capital projects, which would otherwise require the issuance of debt. There are two components to the plan; the first is a financial projection for the General and Hotel funds and the second is a capital project funding summary. There are several benefits to the plan. First, the plan will give future Councils a valuable perspective when considering budgets within the plan's five-year horizon. Second, the plan imparts a measure of discipline on staff. The plan assumes any unanticipated increase in revenues will be diverted to capital projects requiring staff to limit operating expenses to the amount approved the previous year. Finally, the plan is flexible, if revenues are not received as planned capital projects can be deferred.

GENERAL FUND FINANCIAL PROJECTION

The plan presents the General fund over seven fiscal years: two previous fiscal years, the adopted "base" budget for FY1999, and four projected years. The projections made for fiscal years 2000-2003 make the following assumptions:

- ⧖ All revenues, other than property tax, will increase between three and five percent each year; revenues have increased at least this amount the past five years.

- ⧖ *The property tax levy will increase by the maximum allowed without exceeding the rollback limit.* In other words, the levy will recognize an eight percent increase in the operation and maintenance levy plus additional revenue which may be realized through new construction. This assumption is reflected by the tax rate adopted for the 1998-99 fiscal year.

- ⧖ Expenditures will increase no more than four percent each year. This assumption is based on the addition of one position in FY2000, two positions for each of the next three years, and a 3% funding of a merit plan each year (an additional 1.5% funding was approved for the FY1999 merit plan).

- ⧖ A minimum fund balance has been established at 25% of expenditures. This minimum requirement has been found to be sufficient for protecting the fund's integrity in the event of unexpected losses of revenue or increased operating expenditures. Fund balance in excess of this minimum may be used for one time capital projects.

During development of the FY1999 budget, the plan was utilized with the distribution of budget packets to the individual departments[1]. Department heads were given a ceiling based on the expenditure growth assumption that could not be exceeded. Desired budget items or programs that exceeded the ceiling were to be submitted as *Expanded Level of Service (ELS)* requests. A key feature of the financial plan is that these operating budget items compete with capital projects that have been identified for possible use of the surplus funds. The Council funded thirteen of the ELS requests which had a $204,280 impact on the base FY1999 budget and an estimated $356,000 affect through FY2003. ELS requests incorporated in the budget are explained in the respective department narratives.

Year 3 Projected 2001-2002	Year 4 Projected 2002-2003
$ 5,301,210	$ 5,471,810
4,960,300	5,395,600
10,967,400	11,406,100
2,951,700	3,069,800
531,900	553,200
1,198,100	1,246,000
601,800	625,900
388,100	403,600
140,600	146,200
5,600	5,800
21,745,500	22,852,200
2,837,400	13,409,800
750,300	765,300
2,059,500	2,162,500
3,074,400	3,166,600
1,049,300	1,049,300
150,000	150,000
1,654,000	2,423,000
21,574,900	23,126,500
$ 5,471,810	$ 5,197,510
$5,471,810	$5,197,510
4,980,230	5,175,880
$491,580	$21,630
$19,447,691	$17,036,087
2,411,604	1,727,476
0	0
$17,036,087	$15,308,611
$0.1463	$0.1524
$0.1687	$0.1291
$0.3150	$0.2815
215	217
$59,709	$61,796

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[1] For more information related to the budget process, please refer to Appendix A.

Hotel Special Revenue Fund Long-Term Financial Plan

	Actual 1996-97	Estimated 1997-98	Base Year Budget 1998-99	Year 1 Projected 1999-2000	Year 2 Projected 2000-2001
BEGINNING FUND BALANCE	$ 2,794,670	$ 4,629,810	$ 6,086,610	$ 1,425,450	$ 1,065,810
REVENUES:					
Hotel/Motel occupancy taxes	4,453,949	4,600,000	4,850,000	5,044,000	5,245,760
Proceeds from special events	190,580	188,000	297,000	314,820	333,710
Conference centre rental	145,048	161,000	201,500	213,590	226,410
Theatre rental	42,585	50,000	50,000	53,000	56,180
Interest and miscellaneous	170,650	252,000	260,000	265,200	270,500
TOTAL REVENUES	5,002,812	5,251,000	5,658,500	5,890,610	6,132,560
EXPENDITURES:					
Administration/marketing	809,299	813,830	1,441,130	1,499,810	1,560,920
Special events	1,036,024	1,119,200	1,201,630	1,252,300	1,305,130
Conference centre	446,562	569,520	630,370	616,320	645,130
Theatre centre	404,721	440,650	468,650	459,820	463,470
Capital projects	29,594	426,000	1,545,000	0	0
Transfer for debt service	441,473	425,000	415,000	435,000	435,000
TOTAL EXPENDITURES	3,167,673	3,794,200	5,701,780	4,263,250	4,409,650
ENDING FUND BALANCE	$ 4,629,809	$ 6,086,610	$6,043,330	$ 3,052,810	$2,788,720

Calculation of available funds:					
Ending fund balance			$6,043,330	$3,052,810	$2,788,720
Minimum fund balance (25%)			1,425,450	1,065,810	1,102,410
Funds available			4,617,880	1,987,000	1,686,310
Cumulative beginning with FY1998			4,617,880	6,604,880	4,311,190
Less projects identified for future funding			0	3,980,000	600,000
Cumulate funds available for future projects			4,617,880	2,624,880	3,711,190

Hotel Occupancy Tax Variables:					
Number of rooms	2,851	2,966	3,237	3,237	3237
Average revenue per room	$1,562	$1,551	$1,498	$1,558	$1,621

Additional debt calculation:					
Net revenues divided by 2.0 coverage requirement	$2,278,125	$2,340,740	$2,514,065	$2,637,145	$2,743,715
Less avg. annual req. of existing debt	427,260	420,460	414,880	411,250	411,250
Amount available to service new debt	1,850,865	1,920,280	2,099,185	2,225,895	2,332,465
Amount of debt which could be serviced (@6% annual interest rate for 15 years)	$17,976,100	$18,650,200	$20,387,800	$21,618,400	$22,653,500

Note: Hotel room projections assume addition in FY99 of 96 rooms associated with Hilton Garden Inn and 175 rooms with Marriott Courtyard.

Year 3 Projected 2001-2002	Year 4 Projected 2002-2003
$ 1,102,410	$1,140,600
5,455,590	5,673,810
353,730	374,950
239,990	254,390
59,550	63,120
275,910	281,430
6,384,770	6,647,700
1,624,580	1,690,890
1,360,230	1,417,700
675,300	706,920
467,280	471,260
0	0
435,000	410,000
4,562,390	4,696,770
$2,924,790	$3,091,530
$2,924,790	$3,091,530
1,140,600	1,174,190
1,784,190	1,917,340
5,495,380	2,012,720
5,400,000	0
95,380	2,012,720
3237	3237
$1,685	$1,753
$2,854,735	$2,970,390
411,250	411,250
2,443,485	2,559,140
$23,731,700	$24,855,000

HOTEL FUND FINANCIAL PROJECTION

Like the General fund's plan, the goal of Hotel fund's long-term plan is to identify surplus operating revenues for capital projects. Of particular concern to the Town is the continued ability to utilize vacant commercial land to stage special events such as Oktoberfest or Kaboom Town. Land used in the past is slowly being taken by commercial development. The only solution to this problem is to purchase land and develop it for the purpose of providing an area for special events and complementing the use of the Addison Conference Theatre Centre. The long-term financial plan presents the Hotel fund over seven fiscal years: two previous fiscal years, the adopted "base" budget for FY1999, and four projected years. The projections made for fiscal years 2000-2003 make the following assumptions:

- A minimum fund balance has been established at 25% of expenditures. This minimum requirement has been found to be sufficient for protecting the fund's integrity in the event of unexpected losses of revenue or increased operating expenditures. Fund balance in excess of this minimum may be used for one-time capital projects.

- Revenues from the hotel occupancy tax comprise almost 90% of the fund's total revenues and are the variable that impacts decisions regarding application of the fund's resources. For several years, the number of hotel/motel rooms remained constant at 2,304. However, the last four years have witnessed the addition of over 660 rooms. The plan assumes a 5.4% increase in tax revenues for the base budget year and 4% increase for the four subsequent years. This forecast is attributed to the anticipated completion of two new hotels in FY1999.

- The plan assumes expenditures will also increase approximately four percent per year. Unlike the General fund where appropriations are directly related to the provision of public services, a significant portion of Hotel fund expenditures is related to marketing and advertising. Should the fund encounter unexpected shortfalls in revenue, or if the Town wishes to divert more funding to capital projects, Hotel fund expenditures could be reduced by at least $650,000 with no direct impact to operation of the Conference Centre/Theatre or the production of special events.

- A component of the Hotel's financial plan not found in the General fund's plan, is the *additional debt calculation*. As reported in the debt service fund narratives, the Town's ability to issue additional Hotel Occupancy Tax Revenue debt is directly related to the amount of revenue "coverage" of annual debt service requirements. The additional debt calculation identifies surplus revenue in excess of a 2X-coverage requirement associated with the Town's existing revenue bond covenants. The calculation then estimates the amount of *additional* debt that could be supported by the surplus revenue. For example, in the base year, surplus revenue could service an additional debt issuance of $20,387,800. This calculation, as well as the calculation of available funds, identifies the *maximum* revenues available for each area. In other words the Council could not elect in FY1999 to support an additional $4.6 million in capital projects and issue $20.4 million in additional revenue bonds.

Appendix E – Capital Project Funding Summary

Key:	Funding Source(s)	Project Budget	Prior Years	Estimated 1997-98	Prior Years Through 97-98	Base Year Budget 1998-99	Year 1 Projected 1999-2000	Year 2 Projected 2000-2001	Year 3 Projected 2001-2002	Year 4 Projected 2002-2003
Funded in whole or in part by debt										
Funded with General fund surplus										
Arapaho Phase I	DART	$ 6,700,000	$ 2,342,000	$ 1,773,000	$ 4,115,000	$ 2,585,000				
South Quorum Access	Bonds	3,600,000	56,000	806,000	862,000	2,738,000				
Addison Circle Streets - Phase IIa	GF Surplus	1,015,000		400,000	400,000	615,000				
Addison Circle - Spectrum RR Cross.	GF Surplus	300,000				300,000				
Morris Road Extension	GF Surp/Bonds	1,424,000		424,000	424,000		200,000	800,000		
Quorum Rotary Park	GF Surplus	1,732,000	205,000	175,000	380,000	935,000	417,000			
Addison Circle Median Park	Bonds	610,000		40,000	40,000	570,000				
Les Lacs Phase III	GF Surp/Bonds	936,000	361,000	40,000	401,000	535,000				
Keller Sprgs.Tunnel Land Acquisition	Bonds	2,000,000				2,000,000				
Computer Systems & EOC	GF Surp/Bonds	4,400,000		2,591,000	2,591,000	1,809,000				
Special Event Property Acquisition	Hotel Fund	$ 1,416,000		251,000	251,000	1,165,000				
Westside Taxiway Rehabilitation	FAA	$ 2,450,000	150,000	1,850,000	2,000,000	450,000				
Midway / Belt Line Intersection	DART	$ 810,000	16,000	20,000	36,000	334,000	440,000			
Quorum / Belt Line Intersection	DART	$ 810,000	16,000		16,000	304,000	490,000			
Addison Rd. / Excell Intersection	DART	$ 250,000	27,500	22,000	49,500	200,500				
Keller Springs / Addison Rd. Intersec.	DART	$ 250,000		65,000	65,000	185,000				
Keller Springs / Quorum Intersection	DART	$ 200,000		40,000	40,000	160,000				
Belt Line Bus Shelters	DART	$ 150,000					150,000			
Celestial Pump Station	Utility	$ 845,000		845,000	845,000					
Water Line Replacement Program	Utility	$ 678,000	30,000	402,000	432,000	138,000		108,000		
Sewer Line Replacement Program	Utility	$ 1,694,000	40,000	665,000	705,000	437,000	275,000	200,000	77,000	
Asphalt Street Paving Program	GF Surplus	250,000				250,000				
Upper Winnwood Pond Desilting	GF Surplus	140,000					140,000			
North Quorum Streetscape	GF Surplus	250,000					250,000			
Dooley / Wright Bros. Connection	GF Surplus	200,000					200,000			
Addison Rd. Widening Phase I	Bonds	2,500,000		250,000	250,000		2,250,000			
Belt Line Urban Interchange	DART	$ 2,200,000					200,000	2,000,000		
Special Event Property Development	Hotel Fund	$ 4,360,000				380,000	3,980,000			
Addison Airport 150 Update	FAA	$ 150,000				150,000				
Addison Airport 161 Study	FAA	$ 175,000						175,000		
Athletic Club Expansion	GF Surplus	1,500,000							150,000	1,350,000
Arapaho Phase II/III	DART/Bonds	8,300,000		100,000	100,000	200,000	600,000	900,000	6,500,000	
Addison Circle Phase II b	GF Surplus	2,504,000						1,000,000	1,504,000	
Les Lacs Linear Park Phase IV	GF Surplus	750,000								750,000
North Toll Road Landscaping Phase III	GF Surplus	323,000								323,000
Cavenaugh Flight Museum	Hotel	$ 6,000,000						600,000	5,400,000	
Airport Drainage Project	Airport/FAA	$ 600,000					60,000	540,000		
		$ 62,472,000	$ 3,243,500	$10,659,000	$14,002,500	$16,440,500	$ 9,652,000	$ 6,323,000	$13,631,000	$ 2,423,000

This summary identifies projects that have been included in the Town's five year capital plan. The projects have been scheduled by fiscal year as determined by several criteria including the urgency of constructing the project to meet public needs, availability of funding, and the availability of staffing resources to properly administer the projects. For more information relating to each project listed in this summary as well as projected impacts to operating budget, please refer to the Town Chronicle narratives.

Glossary of Terms

A

AATI   Addison Airport of Texas, Inc., Company which operates Addison Airport under agreement with the Town.

Accounts Payable   A liability account reflecting amounts on open account owing 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 owing to open accounts from private persons or organizations for goods and services furnished by a government.

Advalorem   Latin for "value of". Refers to the tax assessed against real (land and buildings) and personal (equipment and furniture) property.

Appropriation   A legal authorization granted by a legislative body (Town Council) to make expenditures and incur obligations for designated purposes.

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

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 specified date in conformity with GAAP.

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), together with periodic interest at a specified rate.

Budget   A plan of financial operation embodying an estimate of proposed expenditures for a 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 more than $1,000.

Certificates of Obligations (CO's)   Similar to general obligation bonds except the certificates require no voter approval. The Town of Addison recently issued CO's to finance sewer improvements. The certificates will be repaid with utility fund revenues; however, the Town has pledged to levy a tax rate to repay the certificates if utility revenues are insufficient for retiring the debt.

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

Cost   The amount of money or other consideration exchanged for property or services. Costs may be incurred even before 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 taxes receivable which will be collected within one year.

Current Liabilities   Debt or other legal obligation 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% Sales Tax levied in participating cities.

Debt Service/Lease   A cost category which typically reflects the repayment of short-term (less than 5 years) debt associated with the acquisition of capital equipment. Category also includes department contribution to Capital Replacement fund.

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

E

Encumbrances   Commitments related to unperformed contracts for goods or 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   Federal Aviation Administration.

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 each October 1st and ends the following September 30th. The term FY 1998 connotes the fiscal year beginning October 1, 1997 and ending September 30, 1998.

Appendix F — Glossary of Terms

FTE   Acronym for full time equivalent, a measurement of staffing. One FTE is a 40 hour per week position. A part-time position working 20 hours per week or a temporary full-time position working six months would would be 1/2 FTE.

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.

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 or balances, and changes 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.

G

General Ledger   A book, file, or other device which contains the accounts needed to reflect the financial position and the results of operations of an entity. In double entry bookkeeping, the debits and credits in the general ledger are equal; therefore, the debit balances equal the credit balances.

General Obligation Bonds   Bonds for the payment of which the full faith and credit of the issuing government are pledged. In issuing its general obligation bonds, the Town of Addison pledges to levy whatever property tax is needed to repay the bonds for any particular year. Bonds cannot be issued without voter approval and are usually issued with maturities of between 15 and 30 years.

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).

L

LAP   Acronym for Local Assistance Program, a grant program funded by DART for local transportation capital improvements.

M

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

N

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

O

Ordinance   A formal legislative enactment by the governing board 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, universally require ordinances.

P

PASS   Acronym for Principal Arterial Street System. A State grant funding local transportation projects related to major thoroughfares.

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

Purchase Order   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 governmental fund type net current assets from other than expenditure refunds and residual equity transfers.

S

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 to expenditure for specified purposes.

Supplies   A cost category for minor items (individually priced at less than $1,000) required by departments to conduct their operations.

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 assessments. Neither does the term include charges for services rendered only to those paying such charges as, for example, sewer service charges.

Y

Y2K   Acronym for year 2000. Refers to potential technology failures resulting from a six-digit date format that allots only two digits to represent the year.

Wage & Salary Scale (Effective 10/01/97)

N = Non-Exempt (hourly) Position. Eligible for overtime pay when overtime is requested or approved by the supervisor.

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

D = Dispatcher, Non-Exempt (hourly) Position. Eligible for overtime pay when overtime work is requested or approved by the supervisor.

P = Police, Non-Exempt (hourly) Position. Eligible for overtime pay when overtime work is requested or approved by the supervisor.

F = Fire, Non-Exempt (hourly) Position. Eligible for overtime pay when overtime work is requested or approved by the supervisor.

MERIT PAY PLAN

The purpose of the merit pay plan is threefold: to encourage excellence in service by tying salary increases to job performance rather than tenure; to reward outstanding employees for meritorious job performance with a greater increase than lesser performers would merit; and to provide an opportunity for monetary rewards based on performance to all of the employees, including those at the top of their respective salary range. A *merit increase* is defined as an increase in the base pay/hourly rate advancing the employee to a point closer to the maximum salary for that position. A *merit payment* is a single lump-sum payment granted to employees already at the top of their position's salary range.

Performance evaluations for all employees are completed during the month of December, regardless the anniversary date of an employee's employment. All merit pay, whether lump-sum payments or increases in salary, are awarded during the month of January. The amount of the merit award depends upon performance. There is no set time interval employees can expect to reach the top salary of their range. Consistent high performers reach the top of the salary range in a shorter time than average performers.

For the 1998-99 budget year, Council approved a six percent funding of the merit pay with every operating department being allocated merit pay based on six percent of employee salaries. Department managers and supervisors are responsible for distributing the pay to employees based on performance evaluations. The range of merit pay for any individual employee is 0% to 9%.

The salary scale is to be reviewed annually in context with the labor market. Job descriptions are reviewed

Level	Base Salary	Top Salary

General Government

Level	Base Salary	Top Salary
0 - N	$16,370	$22,922
1 - N	18,054	25,272
2 - N	18,949	26,520
3 - N	19,906	27,872
4 - N	20,904	29,266
5 - N	21,944	30,722
6 - N	23,046	32,261
7 - N	24,190	33,862
8 - N	25,397	35,547
9 - N	26,666	37,336
10 - N	27,997	39,187
11 - N	29,390	41,142
13 - E/N	32,406	45,365
14 - E	34,029	47,632
15 - E	35,734	50,024
16 - E	37,523	52,541
17 - E	39,395	55,162
18 - E	41,371	57,928
19 - E	43,430	60,798
20 - E	45,594	63,835
21 - E	47,882	67,038
23 - E	52,790	73,902
26 - E	61,110	85,550
28 - E	67,371	94,328

Police Department

Level	Base Salary	Top Salary
8 - D	24,603	34,436
11 - P	29,494	29,494
12 - P	33,419	46,782
16 - P	38,696	54,183
19 - E	43,430	60,798
21 - E	47,882	67,038

Fire Department

Level	Base Salary	Top Salary
11 - F	29,353	41,088
12 - F	30,809	43,127
14 - F	34,070	47,699
17 - E	39,312	55,037
19 - E	43,430	60,798
21 - E	47,882	67,038

each time a vacancy occurs in a position or no less frequently than every three years. Under the merit pay plan, market adjustments occur with no immediate effect to a particular employee, provided the employee's salary is still within the salary range. Salary increases are limited to one per calendar year. Promotions generally result in an immediate salary increase of at least five percent without regard to the date of the last increase. New employees hired before January 1 of each year are eligible for a merit increase at the end of six months and again the following January.

Appendix G — Compensation Plan

Appendix H – Organization Charts

City Manager's Department

Assistant to the City Manager (.5) — **City Manager** — Secretary-Executive

Intern (.5)

Director-Development Services (City Secretary)
- Administrative Assistant
- Receptionist

Assistant City Manager
- Manager - Public Communication (.33)
- Secretary-Administrative (.5)

Economic Development Department

Assistant to the City Manager (.5)

Secretary-Administrative (.5)

Finance Department
Building & Fleet Services Division
Courts Division

Town Council

Administrative Assistant — Director - Finance — Secretary - Administrative

Finance
- Manager - Collections
  - Assistant - Tax
  - Clerk - Cashier (2)
- Manager - Purchasing
- Clerk - Purchasing (.75)
- Manager - Accounting
  - Assistant - Accounting
  - Clerk - Accounts Payable

Building & Fleet Services
- Manager
- Supervisor - Fleet Services
  - Technician - Automotive (2)
  - Clerk - Inventory
- Coordinator - Building Services
  - Custodian (1)
- Mail Carrier

Municipal Court
- Administrator
  - Warrant Officer
  - Clerk - Cashier (2)

Municipal Court judge (.1)

Police Department

- Police Chief
  - Secretary-Department
  - Assistant to Police Chief
    - PSO
    - Clerk
  - Legal Advisor (.3)
  - Captain Internal Operations
    - MIS Technician
    - Lieutenant Training
    - Supervisor-Jail
    - Part-time Jailers (3.3)
    - Manager Communications
      - Records- Clerks (2)
      - Supervisor - Communications
        - Dispatchers (9)
        - Part Time Dispatchers (.5)
  - Captain Field Operations
    - Lieutenants (2) Patrol
      - Sergeants (4) Patrol
      - Police Officers (31) Patrol
    - Secretary-Division
    - Lieutenant C.I.D.
      - Sergeant C.I.D.
        - Police Officers (8) Investigators
      - Police Officer Crime Scene

Fire Department

- Fire Chief
  - Secretary-Department
  - Training Chief
  - Operations Chief
    - A-Shift Captain
      - Lieutenant
      - Firefighter Paramedic (8)
      - Equipment Operator (3)
    - B-Shift Captain
      - Lieutenant
      - Firefighter Paramedic (8)
      - Equipment Operator (3)
    - C-Shift Captain
      - Lieutenant
      - Firefighter Paramedic (7)
      - Equipment Operator (3)
      - Firefighter EMT (1)
  - Prevention Chief
  - FF/Insp/Inv (3)

Urban Development

Director – Urban Development*

Official-Building Inspection

Official-Environmental Services

Inspectors (2)

Secretary-Department

Inspector

* Accounted for in City Manager's Department

Human Resources

Director-Human Resources

Clerk (.7)

Payroll Specialist

Assistant

Information Services

Director-Information Services

Technicians (3)

Public Works Department

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        Director-Public Works ───── Secretary-Department
          (City Engineer)

          Asst. Director of Public Works

Engineering          Utilities              Streets

Civil Engineer       Foreman          Streets-Superintendent

Project Engineer     Crew Leaders (2)        Inspector

                  Equipment Operator         Crew Leader

                  Utility Operator-Senior    Animal Control Officer

                  Utility Operators III (2)  Maintenance Worker I

                  Utility Operators II (2)   Technician-Signs/Signals

                  Utility Operators I  (2)
```

City Engineer accounted for in Streets Capital Project (.3), Utilities (.4), and Airport (.3).

Assistant Director accounted for in Streets Capital Project (.5), Utilities (.5).

Civil Engineer accounted for in Streets Capital Project (.5), Utilities (.5).

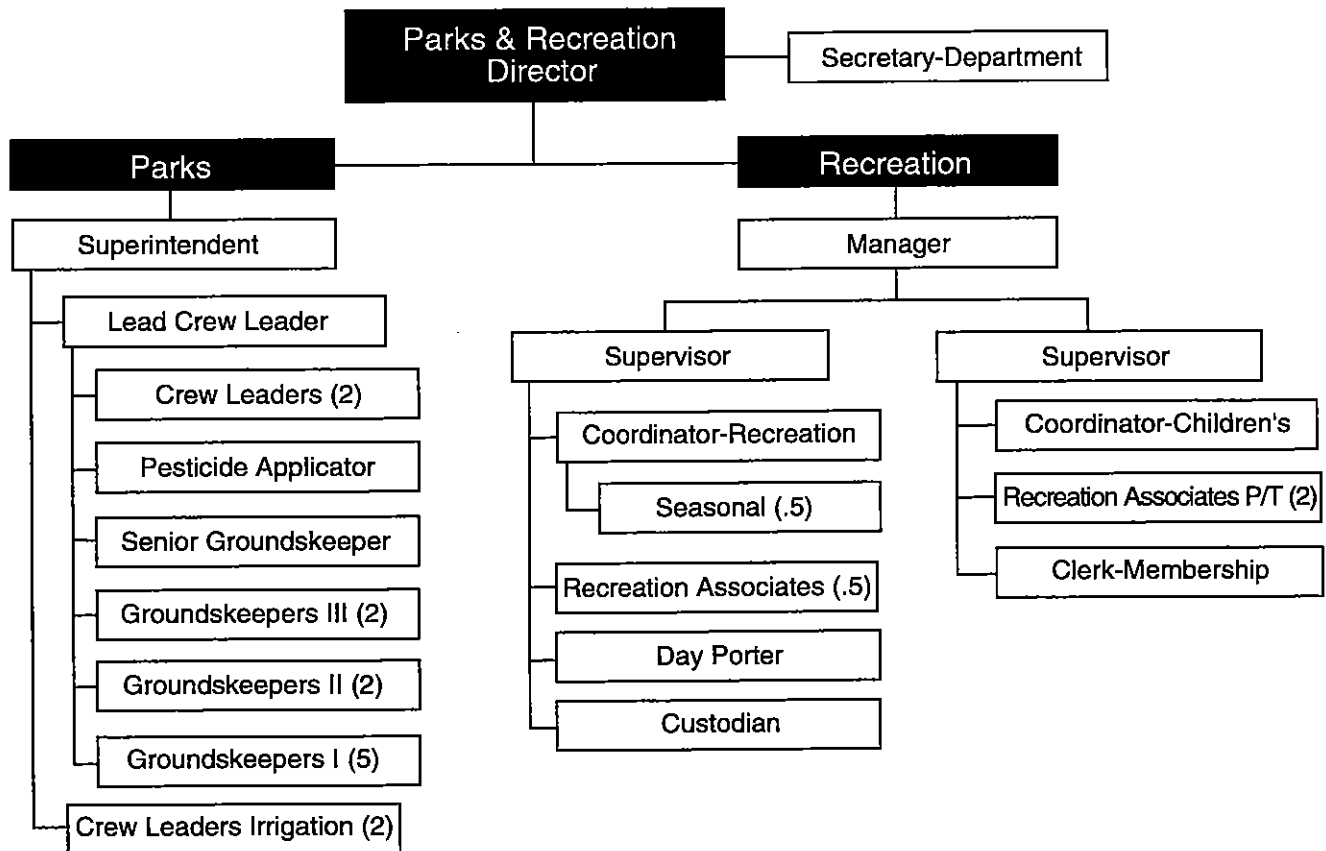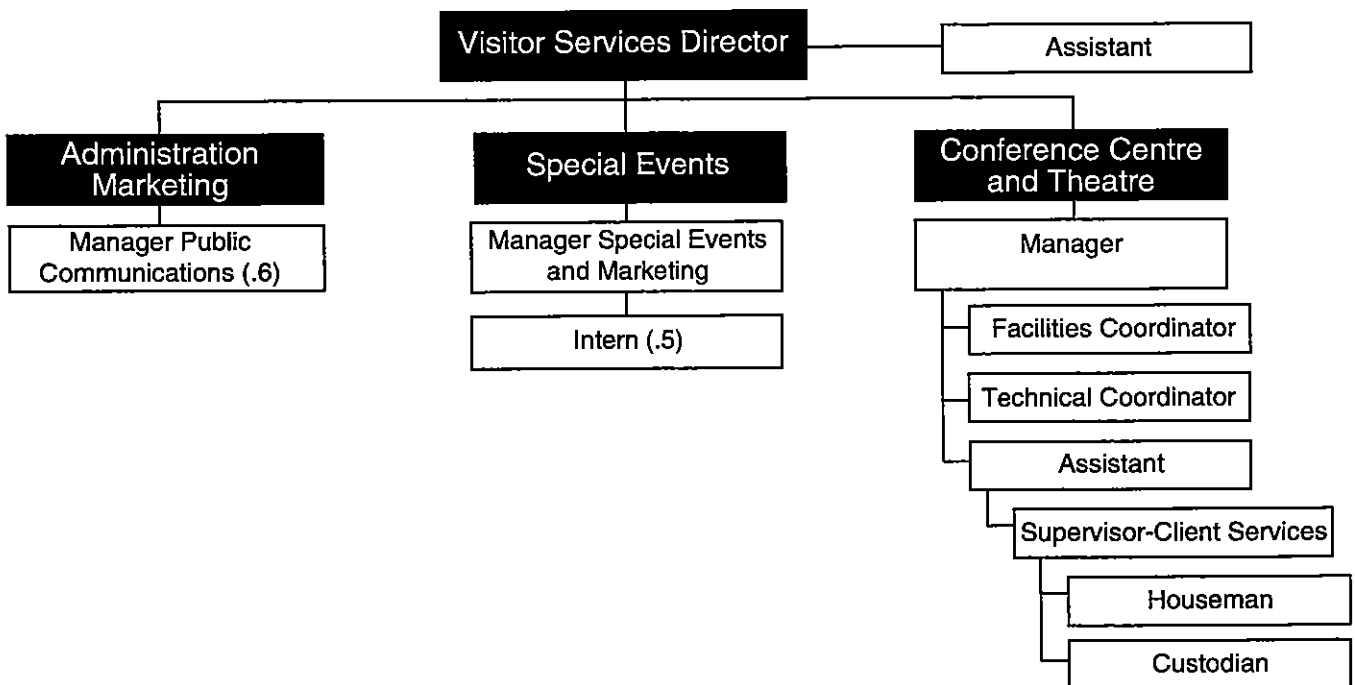Project Engineer accounted for in Streets Capital Project (0.5) Utilities (0.5)

Parks & Recreation Department

- Parks & Recreation Director
  - Secretary-Department
  - **Parks**
    - Superintendent
      - Lead Crew Leader
        - Crew Leaders (2)
        - Pesticide Applicator
        - Senior Groundskeeper
        - Groundskeepers III (2)
        - Groundskeepers II (2)
        - Groundskeepers I (5)
      - Crew Leaders Irrigation (2)
  - **Recreation**
    - Manager
      - Supervisor
        - Coordinator-Recreation
          - Seasonal (.5)
        - Recreation Associates (.5)
        - Day Porter
        - Custodian
      - Supervisor
        - Coordinator-Children's
        - Recreation Associates P/T (2)
        - Clerk-Membership

Visitor Services Department

- Visitor Services Director
  - Assistant
  - **Administration Marketing**
    - Manager Public Communications (.6)
  - **Special Events**
    - Manager Special Events and Marketing
      - Intern (.5)
  - **Conference Centre and Theatre**
    - Manager
      - Facilities Coordinator
      - Technical Coordinator
      - Assistant
        - Supervisor-Client Services
          - Houseman
          - Custodian

GOVERNMENT FINANCE OFFICERS ASSOCIATION

Distinguished
Budget Presentation
Award

PRESENTED TO

Town of Addison,

Texas

For the Fiscal Year Beginning

October 1, 1997

Douglas R Ellsworth
President

Jeffrey L. Esser
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, 1997. In order to qualify for the award, the Town's budget document was judged to be proficient or exceptional in several categories including policy documentation, financial planning and operations guide. The Town has received the award for eleven consecutive years.

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 end September 30, 1997. The certificate is the highest form of recognition for excellence in state and locale 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.

Addison!®

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TOWN STAFF

CONSULTANTS

Town of Addison