



Provide Exceptional Value

Annual Budget 2010 / 2011



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Addison Circle Park represents the cultural experience Addison intentionally fosters. Multi-use, community-minded, comfortable, and safe. So grab a slice of pizza, have that business meeting, watch some fireworks.

And bring the kids and dog along.

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How To Read This Document

Welcome!

You are holding the published Town of Addison budget for the fiscal year beginning October 1, 2010 and ending September 30, 2011. 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 2010–2011 budget document has been designed to serve other functions as well. For example, it is a policy document that presents the major policies which guide how the Town is managed. It is an operations guide which gives the public, elected officials, and Town staff information pertaining to the production and performance of individual Town operations. The document is also designed as a communications device in which information is conveyed verbally and graphically.

Budget Format

The document is divided into four major sections: Introduction, Financial/Operational, Town Chronicle, and Appendices. The Introduction section contains the City Manager's letter which is addressed to the City Council and explains the major policies and issues which affected development of the 2011 fiscal year Town budget. The section also contains a statement of the Town's goals and values, the press release that accompanied the ordinance adopting the budget, the Town's organization and staffing charts, and the summary of all financial statements. Liberal use is made in this section of footnotes, which direct the reader to sections of the document that more fully describe programs or projects.

The Financial/Operational section describes various aspects of the Town's organization. This information is grouped first by fund and then by department. Like many local governments, the Town uses the fund method of accounting. Simply stated, a fund is a unit of the Town which tracks the application of various public resources. For example, the Hotel Fund is established to keep track of the use of the hotel/motel occupancy tax. Most people are particularly interested in the General Fund which is comprised of most of the Town's operations like Police, Fire, and Parks. Financial statements, including the adopted 2010–2011 budget, are presented for every fund. The statements show the fund's financial condition over a number of years. Like the checking account statement you receive from your bank, the statement

shows beginning balances, revenues, expenditures, and ending balances for each year. Each fund statement begins with the actual audited amounts for the 2008-2009 fiscal year. The ending balance of the actual year becomes the beginning balance of the estimated 2009-2010 fiscal year. The estimated column reflects projected amounts compared to the amounts included in the original adopted budget for the 2009-2010 fiscal year. The estimated ending fund balance of the prior fiscal year then becomes the beginning balance for the 2010–2011 budget year. Accompanying the statements are narratives and graphs which describe the major features of that particular fund. Within each fund there may be one or more departments which further describe a component of the Town's organization. Each department is presented with its mission statement, a listing of the unit's accomplishments for the previous fiscal year, and operational objectives for the 2011 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 over a number of years.

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

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

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

The Honorable Mayor and City Council,

The Town of Addison FY2010–2011 budget process required more of the City Council's time than usual, because we initiated a process of discussing what Council's value proposition is for the community. Through several meetings, Council determined our value proposition is that Addison would provide the Best Product in Municipal Services. Through this process Council made it clear that you want staff to continue to give excellent and innovative service to everyone that comes into contact with our town. You also want us to do that as efficiently and effectively as possible for a reasonable cost. Those directives gave us the theme for this year's budget, which is **Provide Exceptional Value!** We are approaching that in many ways.

It has been my experience that citizens are looking for the value they receive for the amount of money they pay in taxes. The property owner in Addison is very fortunate that the development mix is such that we benefit from a large commercial base. That base supports the needs of those businesses and affords the residents some very nice facilities like the Addison Athletic Club and our parks. We are also able to offer a level of service that is recognized by our citizens as being very different than they have experienced in other places they have lived. A part of this is about resources, but a larger part of it is about the culture of the organization and exceptional employees.

This year the pressure to continue to provide the value we have become known for was exacerbated by the continuing decline in the tax base due to a continued loss in commercial property value and the reduction in business activity in general. Our first response to this was to institute a hiring freeze and to eventually eliminate ten unfilled positions in our workforce (eight deletions are reflected in this

budget and two others following adoption of the budget). We have a small compliment of employees, so it causes us to place even higher individual performance expectations on certain departments. City Councils have historically recognized that quality employees are essential to our service delivery mission, and this Council has continued this tradition. We have budgeted a one-time 1% merit payment for employees to recognize their exceptional work and service to our citizens.

We continue to look for innovations and different ways of doing things in a challenging economy. We are exploring where we can combine certain functions with other cities, and we continue to have the private sector provide services when it can meet our service delivery needs and expectations. Included in that process is an analysis of our buildings and facilities to see how well they are supporting the mission and needs of the organization. This will be an ongoing process as we move through FY2011 and seek to define what the organization needs to look like in order to meet the City Council's goals for the future.

Our first obligation is to always be good stewards of the public's trust and to exercise fiduciary responsibility. We have maintained the integrity of our various funds through prudent financial policies, and our bond ratings reflect others' recognition of these efforts.¹ We have addressed the spending side of the budget; now we are moving toward aggressively improving the revenue side of the budgeting equation.

We are also taking steps to address the economy of Addison in many positive ways. The addition of our new visitor and arts center in the Village on the Parkway retail complex that combines our Visitor Services department, the Metrocrest Chamber of Commerce, the Craft Guild, and our Economic

1. The Town's financial policies can be found within Appendix B of this document.

Development office will help us better serve many of our constituencies. We are partnering with the Craft Guild to create a unique venue that will draw people to Addison every day for educational and artistic opportunities. The Guild has been in existence for over 60 years and has a wide following.²

“Visit Addison” will serve as a center for acquiring information on Addison hotels, special events, meeting space, and hospitality services. You will be able to acquire brochures on area attractions and restaurants and experience interactive exhibits. There is a large gallery space that will host Craft Guild events and other visiting art offerings and meetings designed to draw people into the community. The Guild will offer daily classes in an environment that is very open and in view of anyone visiting the facility. The public will have the ability to purchase many items that have been produced on site like jewelry, pottery, artistic paper products, paintings, and books. We will also have unique items that promote Addison for sale to support our branding, tourism, and visitor services efforts.

We are hoping to staff the “Visit Addison” center largely with volunteers through our Addison Advocates program. Volunteers are used extensively to assist people with acquiring information, maps, brochures, and directions in other communities that have visitor centers, and we feel this will be a very gratifying volunteer opportunity. In fact, the Addvocates program supplies many of our volunteers that work at our special events and in some of our departments. This helps us control costs and provide a way for people to give back to the community. We could not do special events without these volunteers. This is an example of how we have tried to use all of the resources in the Town to produce a quality product.

This budget also provides for the creation of a formal Economic Development operation that will work on business development and retention. The operation’s director will work directly with commercial brokers, office tenants, building owners, retail tenants and owners, and developers to bring companies and projects to Addison. Having resources dedicated to this function helps Addison be more aggressive and will give us more

opportunities to grow our economy. This effort is also aimed at providing more value through better service to the various constituencies interested in economic development in Addison.³

The Town was able to see the new Methodist Hospital for Surgery completed, and we are in conversations about the next phase of development which would be a medical office building to accommodate the hospital’s doctors and other related uses. Across the street from the hospital, Trinity Christian Academy has just completed their new performing arts center that seats 900 people. In the south part of town the Vitruvian Park project is right on track as apartment rents continue to improve and encourage new construction. The developer, UDR, is planning for the second phase to be available for occupancy next fall and is working on an aggressive schedule to bring more new product to the construction phase in 2011. Their Savoye Apartments have been a huge success and are nearing full occupancy. The construction of public improvements that include the park, trails, and water features is progressing rapidly. These projects will create even greater interest in the area.⁴



A boy and his mom stare in wonder at the lights at Oktoberfest

Construction of the north end of Vitruvian Way and the intersection with Spring Valley Road will begin this fall. There also is the widening of Spring Valley Road that includes turn lanes into the new George H.W. Bush Elementary School to accommodate the increased school traffic. The project includes undergrounding of utilities on the street’s south side, so the street’s new landscaping will not be jeopardized.

- 2. More information regarding the “Visit Addison” center can be found on page 65 and within the narrative of Sector 2 of the Town Chronicle section of this document.
- 3. Additional information related to the Economic Development Fund can be located on page 75 within this document.
- 4. Please refer to Sector 3 of the Town Chronicle within this document for more information related to these and other developments and projects.

The new George H.W. Bush Elementary School is opening in September 2011, and we are receiving very competitive bids for the construction of the adjoining trails and playground areas that we are pushing to have completed by the end of July. The new school will provide education options not available to former generations of students and parents and is another way we are trying to provide value to our residents. Council members and staff have worked for years with the Dallas Independent School District to make this school a reality.

Improvements to Belt Line Road will become evident after the first of the year with the installation of a new lighting system, landscaping, and bus stops. This is designed to bring more value to the adjacent businesses and buildings on our most visible commercial corridor.

Addison Airport is also one of our most important economic engines, and we have been most fortunate this year to have a number of high profile projects completed and new ones on the way. We executed a new contract with the private companies that operate the airport for us, based on the Town’s very positive experience with their performance and treatment of our tenants on the airport. Addison Airport continues to be one of the premier general aviation airports in the country. PlaneSmart!, a fractional ownership and aircraft management firm, totally remodeled office and hangar space, and ExecHangar, a full service corporate/executive hangar co-operative facility, built a new 20,000 square foot hangar to bring value to the

airport. American Flyers, a flying school that has been on the airport for 20 years, moved its headquarters and maintenance operations here from other cities and made significant improvements to an existing facility. Million Air, the largest fixed base operator on the field, just broke ground on a 40,000 square foot hangar that will enable them to expand their services and facilities on Addison Airport. All of this is important, and the Town has been an integral part of these events as the owner of the airport. This is all part of promoting the airport as one of those Best Value opportunities in the community.

The Town’s priority continues to be the idea of providing value to our many constituencies through great service and an investment in the infrastructure that supports those we serve. I wish to take this opportunity to thank the Mayor and City Council for setting the direction for the employees to execute the Town’s policies. You have provided the leadership necessary to make Addison the Best Product in Municipal Services. We will continue to make Addison a safe, attractive, innovative, and progressive community. This budget supports that effort and brings exceptional value to all of our constituencies at an exceptionally reasonable cost.

Ron Whitehead | City Manager

Appraised Values and Tax Rate





1,368 miles off
Broadway but just
around the corner,
Addison's critically-acclaimed
WaterTower Theatre brings
out-of-the-box drama and
dance into the mainstream.

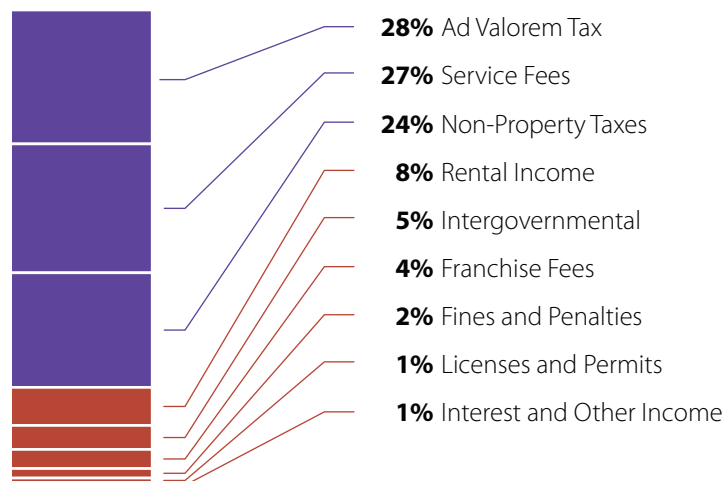
Press Release

The following is a summary of the 2010–2011 fiscal year (FY) annual budget of the Town of Addison that was adopted by the City Council at its September 21, 2010 meeting.

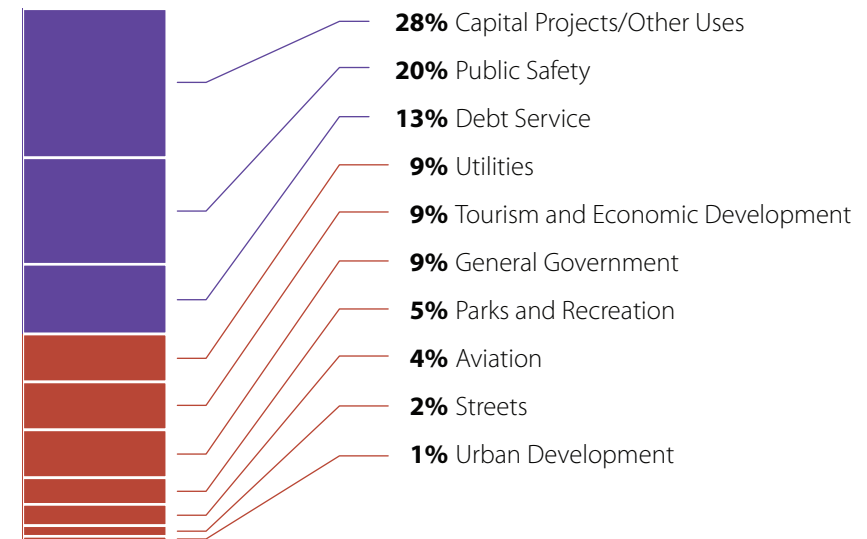
- Budget appropriates \$77,730,320, a decrease of \$5,048,090 or 6.1 percent less than the previous year's budget.
 - The decline is attributed to a reduced scope of projects related to the Vitruvian Park urban residential development and fewer purchases of capital equipment.
- Revenues total \$57,303,370, a net increase of \$3,043,040 or 5.6 percent compared to the 2009-2010 budget.
 - The increase is primarily due to increases in utility rates, increases in rates for building inspection and code compliance services, and interfund charges related to the Town's replacement funds.
 - Non-property taxes (sales, alcoholic beverage, and hotel occupancy) are down \$1,097,220 or 7.3 percent.
 - Interfund charges are up \$1,160,000 after a one year suspension to fund the eventual replacement of existing capital equipment.
 - The budget reflects a 10 percent increase in water and sewer rates and a 50 percent increase in licenses and permit fees.

- The property tax rate will increase to 53.0¢ per \$100 of taxable value, up 3.4¢ from the previous year.
 - The increased rate will partially offset the decline in property values.
 - Total property tax levy is budgeted at \$16,211,500 which is 1.3 percent less than the FY2010 levy.
- Appraised values for 2010 (used for fiscal year 2011 levy) total \$3,058,773,720, a decline of 7.6 percent from certified 2009 values.
 - With the proposed tax rate, the city property taxes paid by the average homeowner in Addison will total \$1,194.80 or \$54.63 more than last year's average.
- Total staffing (all funds) is at 261.1 FTEs (full-time equivalent), a net reduction of 6.3 FTEs in workforce. All deleted positions were vacant and required no layoffs of employees. Savings associated with the net reduction of positions total \$545,950. Changes to staffing are:
 - Removal of the Assistant to the City Manager position in the City Manager department.
 - Removal of the Strategic Services Manager position in the Financial and Strategic Services department.
 - Removal of a Fleet Technician position in the General Services department.

All Funds Revenues by Type



All Funds Expenditures by Type



- Removal of the Warrant Officer position and addition of a part-time Court Clerk (0.7 FTE) position in the Municipal Court department.
- Removal of the Employment Specialist position in the Human Resources department.
- Removal of the Assistant to the Chief position in the Police department.
- Removal of the Deputy Fire Chief - Operations position in the Fire department.
- Addition of a Receptionist position in the Visitor Services department.
- Removal of the Senior Special Event Coordinator position in the Special Events department.
- The budget provides funding of a 1 percent merit benefit to employees. The benefit will be distributed as a one-time payment to employees that will not increase their base salary. The cost of this benefit is \$173,040. An anticipated 10 percent increase in health costs has been included in the budget at a cost of \$213,700.
- The budget includes \$700,000 to support economic development programs.
- The budget envisions over \$21.6 million being spent on capital projects that include:
 - Street, park, and utility improvements associated with the Vitruvian Park development (\$13,100,000).
 - New intersection at Spring Valley Road and Vitruvian Way (\$1,500,000).
 - Miscellaneous street projects (\$1,007,000).
 - First phase of Belt Line Road streetscape improvements (\$500,000).
 - Local match for 90 percent FAA funding of airport runway improvements (\$1,185,000).
 - Initial construction of the Surveyor overhead water storage tank (\$3,400,000).

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

Municipal Tax Rate Comparison

2010–2011 Budget

	20.0¢	50.0¢	80.0¢
Dallas			79.7¢
Duncanville			73.7692¢
DeSoto			73.512¢
Garland			70.46¢
Coppell			69.046¢
Cedar Hill			67¢
Grand Prairie			66.9998¢
Seagoville			66.5¢
Mesquite			64¢
Richardson			63.516¢
Carrollton			61.7875¢
Irving			57.61¢
Addison		53¢	
Farmers Branch			52.95¢
Plano			48.86¢
Sunnyvale			40.7962¢
University Park			27.845¢
Highland Park			22¢

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

Comparative Tax

For an Average Addison Single-Family Residence

	FY2010	FY2011
Dallas County		
Market Value	\$287,340	\$281,793
Homestead Exemptions	20%	20%
Taxable Value	\$229,872	\$225,434
Tax Rate/\$100	0.60221	0.62333
Tax Levy	\$1,384.31	\$1,405.20
Dallas ISD		
Market Value	\$287,340	\$281,793
Homestead Exemptions	15,000+10%	15,000+10%
Taxable Value	\$243,606	\$238,614
Tax Rate/\$100	1.27134	1.23781
Tax Levy	\$3,097.06	\$2,953.59
Town of Addison		
Market Value	\$287,340	\$281,793
Homestead Exemptions	20%	20%
Taxable Value	\$229,872	\$225,434
Tax Rate/\$100	0.4960	0.5300
Tax Levy	\$1,140.17	\$1,194.80
Total Tax Levy	\$5,621.54	\$5,553.59

Property Tax Distribution Calculations

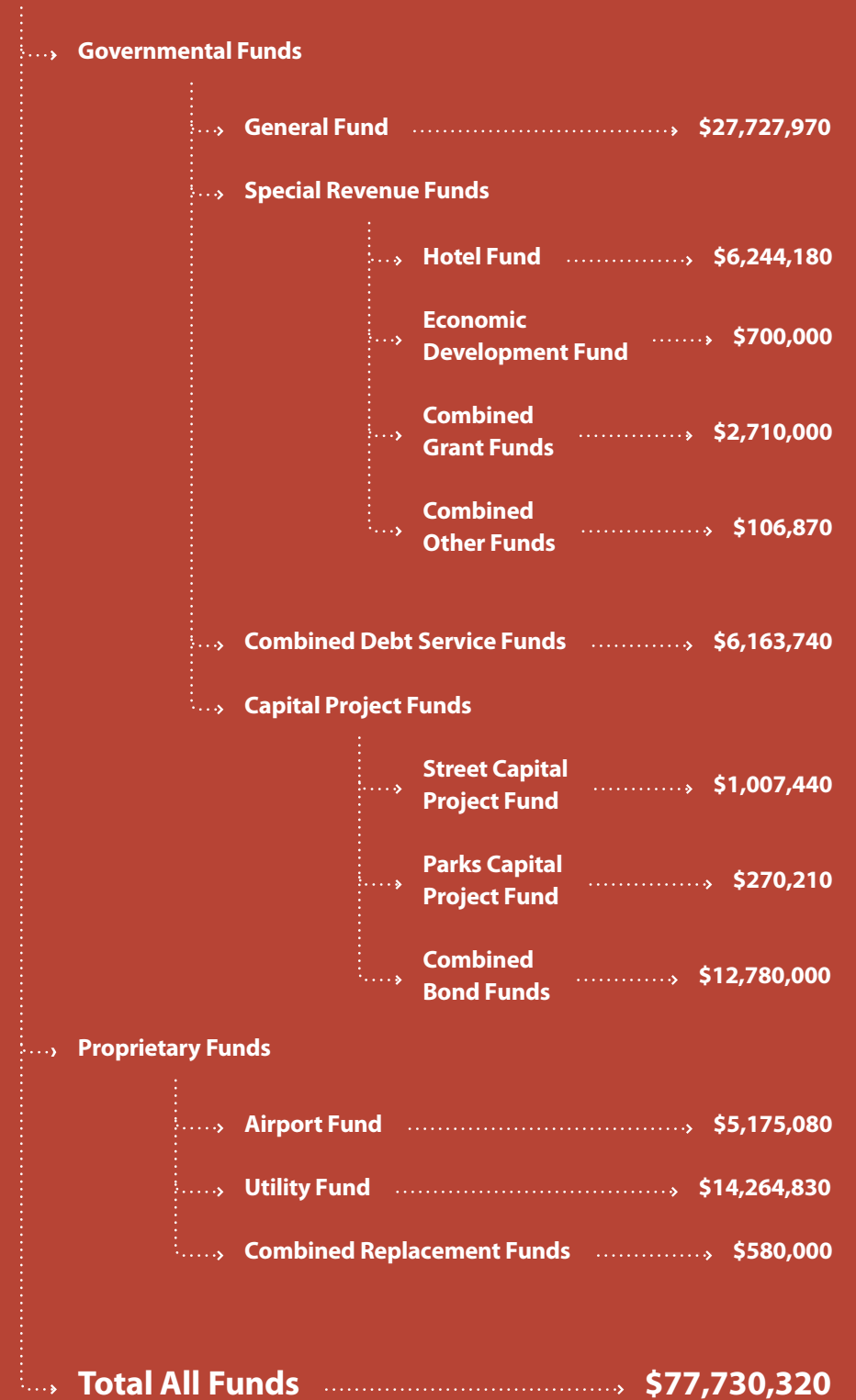
City Council Adopted 2010–2011 Budget

2010 Certified Tax Roll and Levy	
Appraised Valuation (100%)	\$3,058,773,720
Rate Per \$100	\$0.5300
Total Tax Levy	\$16,211,500
Percent of Current Collection	97.50%
Estimated Current Tax Collections	\$15,806,200

Summary of Tax Collections	
Current Tax	\$15,806,200
Delinquent Tax	15,000
Penalty and Interest	2,000
Total 2010–2011 Tax Collections	\$15,823,200

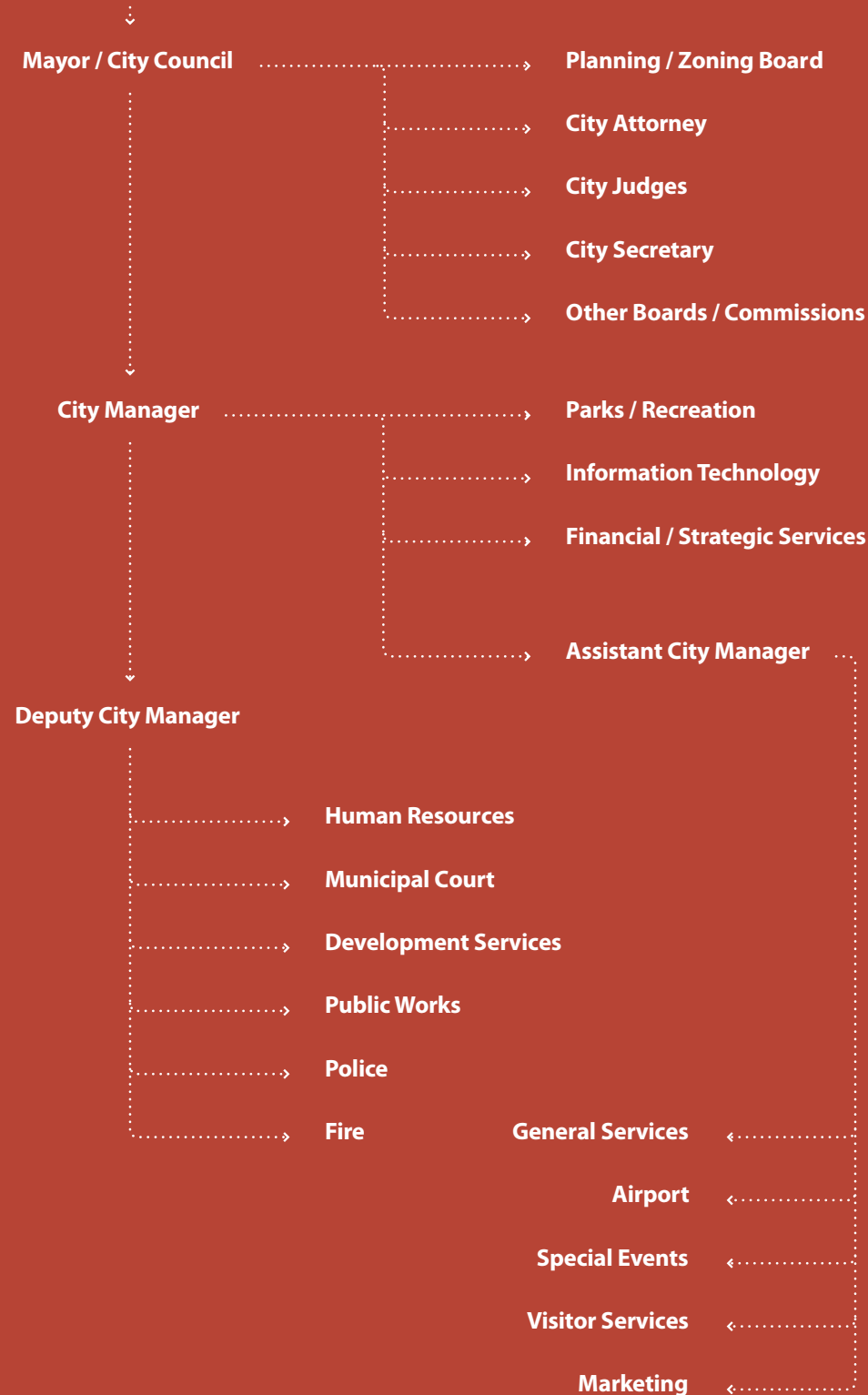
Distribution of Tax Rate	Tax Rate	% of Total	Amount
General Fund			
Current Tax			\$10,375,430
Delinquent Tax			9,850
Penalty and Interest			1,310
Total General Fund	\$0.3479	65.64%	10,386,590
Debt Service Fund			
Current Tax			5,430,770
Delinquent Tax			5,150
Penalty and Interest			690
Total Debt Service Fund	\$0.1821	34.36%	5,436,610
Total Distribution	\$0.5300	100.00%	\$15,823,200

Fund Overview



Staff Organization

Addison Citizens



Budgeted Departmental Staffing Summary

City Council Adopted 2010–2011 Budget

	Fiscal years ending September 30					Difference 2010–2011
	2007	2008	2009	2010	2011	
General Fund						
City Manager	8.5	8.5	8.5	8.5	8.0	(0.5)
Financial and Strategic Services	10.0	10.0	10.0	9.0	8.0	(1.0)
General Services	9.0	10.0	10.0	10.0	9.0	(1.0)
Municipal Court	4.7	4.7	5.7	5.7	5.4	(0.3)
Human Resources	4.7	4.7	5.2	5.2	4.2	(1.0)
Information Technology	6.0	6.0	6.0	6.0	6.0	-
Police	68.3	69.3	70.3	73.3	72.3	(1.0)
Emergency Communications	12.5	12.5	13.5	13.5	13.5	-
Fire	55.0	55.0	55.0	54.0	53.0	(1.0)
Development Services	7.0	7.0	7.0	7.0	7.0	-
Streets	7.0	7.0	7.0	7.0	7.0	-
Parks	20.0	20.0	21.0	20.0	20.0	-
Recreation	15.2	15.2	15.2	15.2	15.2	-
Total General Fund	227.9	229.9	234.4	234.4	228.6	(5.8)
Hotel Fund	14.0	14.0	14.0	14.0	13.5	(0.5)
Airport Fund	2.0	2.0	2.0	2.0	2.0	-
Utility Fund	17.0	17.0	18.0	17.0	17.0	-
Total All Funds	260.9	262.9	268.4	267.4	261.1	(6.3)

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

Fund Summaries

Combined Summary of Revenues and Expenditures and Changes in Fund Balance

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

City Council Adopted 2010–2011 Annual Budget

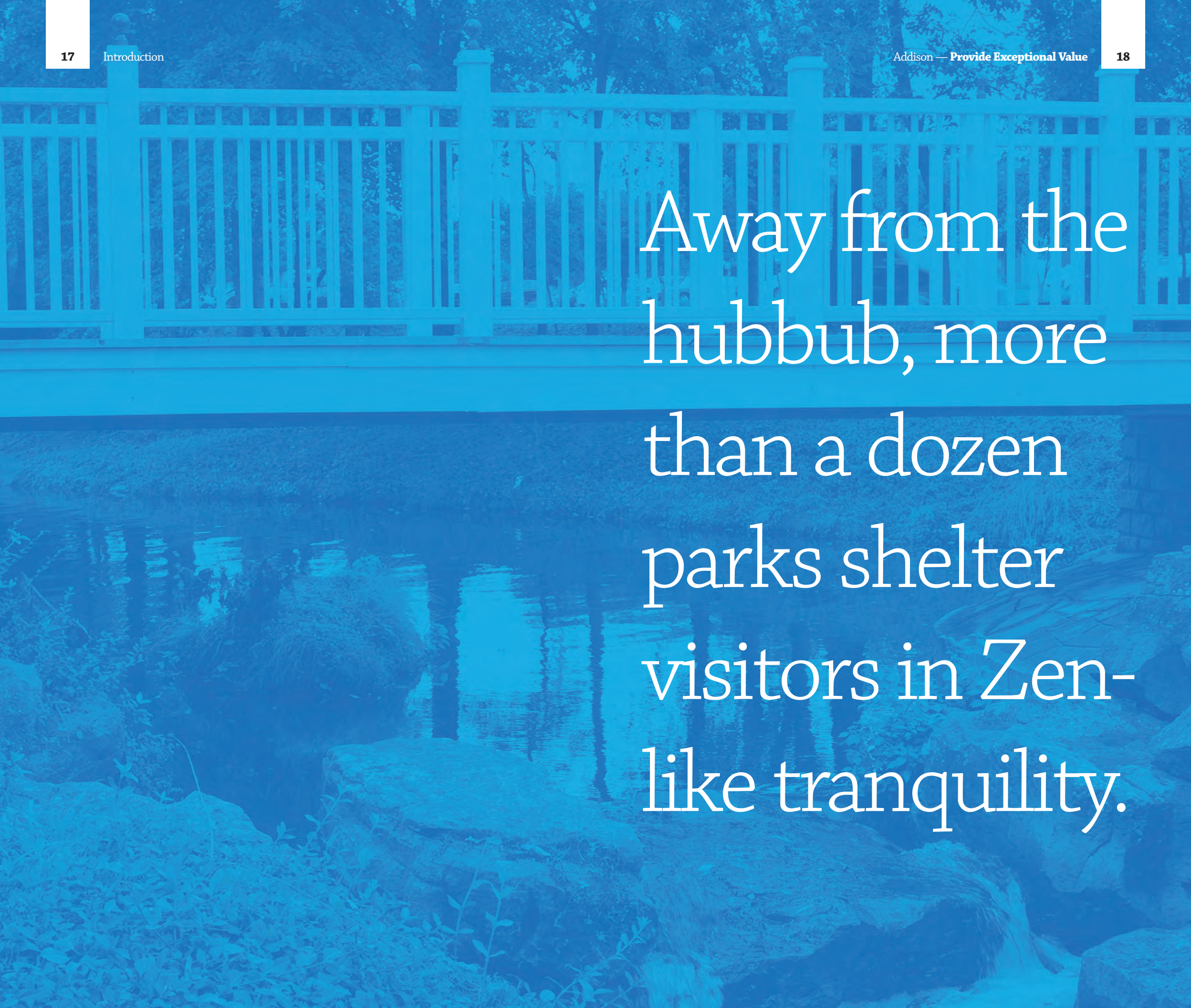
With Comparisons to 2009-2010 Budget and 2008-2009 Actual

	Special Revenue Funds					Combined Debt Service
	General Fund	Hotel Fund	Economic Dev.	Combined Grant	Combined Other	
Beginning Balances	\$10,622	\$3,262	\$-	\$15	\$222	\$2,016
Revenues						
Ad valorem tax	10,387	-	-	-	-	5,437
Non-property taxes	10,338	3,550	-	-	-	-
Franchise fees	2,608	-	-	-	-	-
Licenses and permits	621	-	-	-	-	-
Intergovernmental	-	-	-	2,710	-	-
Service fees	1,347	1,681	-	-	-	-
Fines and penalties	1,225	-	-	-	52	-
Rental income	153	804	-	-	-	-
Interest and other income	138	14	-	-	14	32
Total Revenues	26,816	6,048	-	2,710	66	5,469
Transfers from other funds	-	-	700	-	-	670
Total Available Resources	37,438	9,310	700	2,725	288	8,154
Expenditures						
General government	6,449	-	-	-	85	-
Public safety	14,567	-	-	160	22	-
Urban development	899	-	-	-	-	-
Streets	1,795	-	-	-	-	-
Parks and recreation	4,018	-	-	50	-	-
Tourism and economic dev.	-	6,244	700	-	-	-
Aviation	-	-	-	-	-	-
Utilities	-	-	-	-	-	-
Debt service	-	-	-	-	-	6,164
Capital projects/other uses	-	-	-	2,500	-	-
Total Expenditures	27,728	6,244	700	2,710	107	6,164
Transfers to other funds	700	670	-	-	-	-
Ending Fund Balances	\$9,010	\$2,395	\$-	\$15	\$181	\$1,990

* Totals may not exactly match due to rounding.

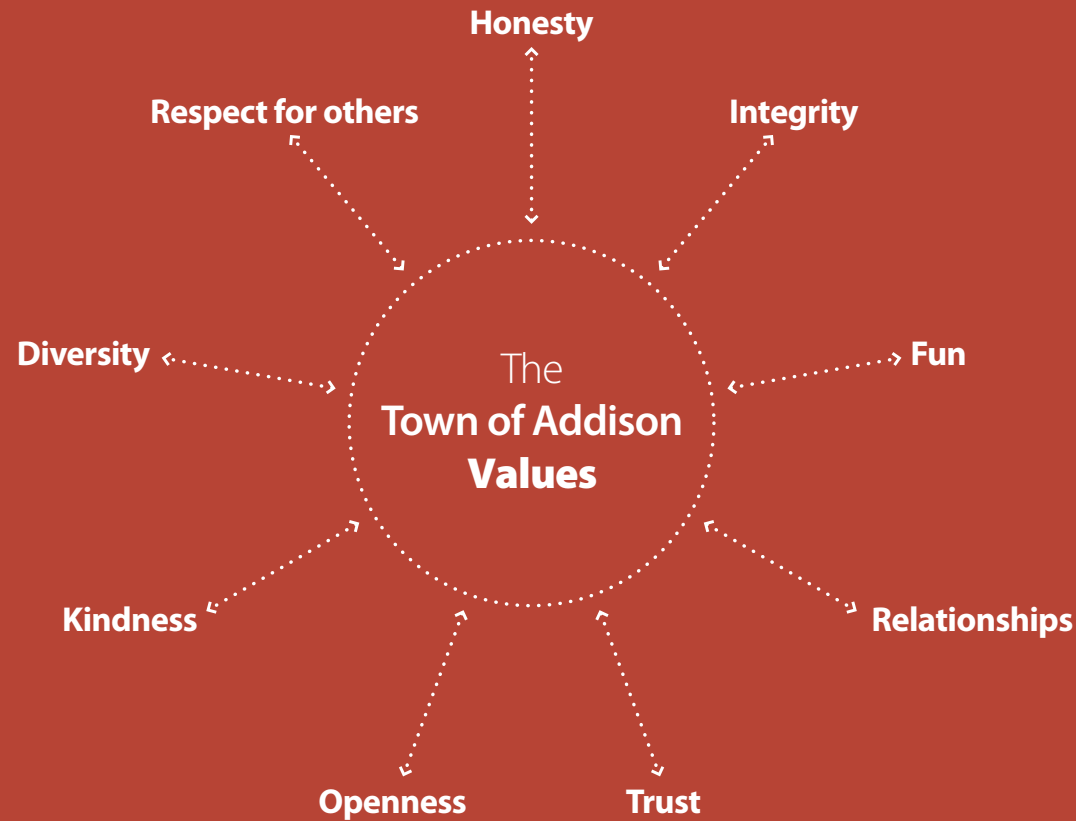
Total Revenues	\$57,303
Decrease in Fund Balance	20,427
Total Appropriable Funds	\$77,730

Capital Project Funds			Proprietary Funds			Total All Funds		
Streets	Parks	Combined Bonds	Airport	Utility	Combined Replacement	2010-11 Budget	2009-10 Budget	2008-09 Actual
\$1,276	\$267	\$22,138	\$1,741	\$5,027	\$5,190	\$51,776	\$62,082	\$69,795
-	-	-	-	-	-	15,823	15,806	15,637
-	-	-	-	-	-	13,888	14,985	14,479
-	-	-	-	-	-	2,608	2,522	2,761
-	-	-	-	-	-	621	360	430
-	-	-	50	-	-	2,760	1,234	318
-	-	-	884	10,178	1,160	15,249	12,722	13,447
-	-	-	-	70	-	1,347	1,312	1,406
-	-	-	3,467	-	-	4,424	3,977	3,955
9	3	234	26	17	97	584	1,344	2,039
9	3	234	4,427	10,264	1,257	57,303	54,260	54,471
-	-	-	-	-	-	1,370	1,670	700
1,285	270	22,372	6,168	15,291	6,447	110,449	118,013	124,966
-	-	-	-	-	141	6,675	7,056	7,242
-	-	-	-	-	439	15,188	15,014	14,696
-	-	-	-	-	-	899	956	999
-	-	-	-	-	-	1,795	1,678	2,395
-	-	-	-	-	-	4,068	4,086	4,088
-	-	-	-	-	-	6,944	6,414	6,246
-	-	-	3,483	-	-	3,483	3,162	3,136
-	-	-	-	7,332	-	7,332	7,091	6,972
-	-	-	390	3,148	-	9,702	10,336	10,287
1,007	270	12,780	1,302	3,785	-	21,645	26,987	6,868
1,007	270	12,780	5,175	14,265	580	77,730	82,778	62,930
-	-	-	-	-	-	1,370	1,670	700
\$278	\$-	\$9,592	\$993	\$1,026	\$5,867	\$31,349	\$33,564	\$61,336



Away from the
hubbub, more
than a dozen
parks shelter
visitors in Zen-
like tranquility.

Town of Addison Vision Statement



In the past, City Council's reviewed and updated a series of Council goals. During the process of developing the 2010–2011 budget, the City Council took a new approach to the Town's mission statement and goals. In several workshop sessions over the course of three months, Council members developed an integrated vision/value/goal plan which will be used to establish priorities for initiatives that will be implemented and administered by the Town's management team. This section presents the plan, describes the methodology for ranking projects and initiatives, and lists the top rated items which are reference in narratives throughout the document.

Addison is a best product town and will continue to be a thriving community providing a consistent, high-quality, welcoming experience to residents, businesses, visitors, and all others.

Our leaders will promote creativity, innovation, and a culture of excellence that will drive a clearly articulated "Addison" brand.

The "Addison Experience" consistently offers a unique, innovative, high-quality, vibrant, and fun experience.

Addison offers a variety of options with a welcoming personal touch in a safe, convenient, and environmentally responsible community.

Like most cities, Addison is confronted with a number of issues that demand the time and attention of elected officials and the Town’s management team. In order to best apply the Town’s limited resources, the City Council evaluated over 40 initiatives/projects and ranked them based on the four factors listed below. Each Council member ranked the items on a 1, 4, or 7 scale with 1 being low priority, 4 being medium priority, and 7 as high priority. No item was included in the high priority category (short-term critical success) until all Council members rated an item as at least a 4.

Plan development methodology:

1. Determine which initiatives need to be addressed/initiated in the next 12 months (short-term critical success factors)
2. Rank the short-term critical success factors in order of importance
3. Determine which initiatives need to be addressed/initiated in the next three years (medium-term critical success factors)
4. Rank the medium-term critical success factors in order of importance
5. Determine which initiatives need to be addressed/initiated in the next five years (long-term critical success factors)
6. Rank the long-term critical success factors in order of importance

Factors considered in ranking of initiatives:

- **How does the initiative fit with the Value Proposition?**
- **Does the initiative enable us to fulfill the vision?**
- **Does the initiative support our values?**
- **Does the initiative support the “Addison Experience”?**

Consensus Short-Term Critical Success Factors

Initiative	Page Number
Economic Development program implementation	75
Strategic thinking effort	43
Airport development	93, 109
Retail strategy	43
Methodist Hospital for Surgery and physician office building	29, 111
Succession planning	37
Employee training	37
Board governance model	43
Police/Fire ICMA study and implementation	45, 49
Volunteers – Addison Advocates	37
Hotel business support/development	31
“Visit Addison” visitor and arts center	65
Social networking process	39
Liaison assignments	43
Elevated storage tank and demonstration garden	108
George H.W. Bush Elementary School	109
Redding Trail extension	108
Belt Line Road streetscape	107
Cavanaugh Flight Museum strategy	111

Our goals:

Increase revenues. Increase and diversify revenue streams, maximize existing revenue streams, attract and retain quality users of space, attract visitors and promote tourism, develop a nationally recognized general aviation airport.

To be good financial stewards. Maintain reserves, efficient operations, financial transparency.

Deliver a consistent “Addison Experience.” Airport, transportation alternatives, redevelopment of aging infrastructure and assets, define and develop Addison’s niche for arts and entertainment, safety, diversity of operations, promote “green”-ness.

Promote a standard of excellence. Within the organization and throughout the community.

Safe. Safer. Safest.

Not just a little safer than the average place to live in DFW, but one of the very safest in the Metroplex! Addison's bad news for trouble-makers is great news for everyone who lives, works, stays, and plays here.

General Fund

Fund Description

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

Fund Narrative

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

Concluding Fiscal Year Performance

Revenues are estimated to be \$27,217,270, slightly below the FY2010 budget but 1.8 percent more than received during the 2009 fiscal year. Property taxes are expected to come in at budget. Sales tax revenues continue to be impacted by the national economic recession and are projected to generate only \$9,263,300, which is 5.1 percent less than budget and 3.4 percent less than received the prior year. The decline in sales tax revenue was partially offset by a significant increase in licenses and permits revenue generated by new commercial construction, particularly the Methodist Hospital for Surgery.¹

Expenditures are expected to total \$26,261,230, or \$1,013,760 less than the adopted FY2009 budget. Much of the savings is attributed to the freezing of vacant positions. During the course of the year, six positions were vacated and none were filled. These positions were subsequently deleted from the FY2011 budget (discussed in more detail later in the department narratives). The differences in revenues and expenditures contributed to an estimated ending fund balance of \$10,621,910, which is \$337,320 more than budgeted.

2010–2011 Budget Narrative

Revenues are projected to total \$26,816,000, which represents a \$660,580, or a 2.4 percent decrease compared to the previous fiscal year's budget. Because of the 7.6 percent decline in assessed property values, the \$0.0119 increase in the property

tax rate dedicated to operations and maintenance functions within the General Fund resulted in a net reduction in the tax levy of \$320,640 for operations and maintenance.² Due to the experience of sales tax collections in FY2010 and economic forecasts that project a slow economic recovery, the FY2011 budget for non-property taxes was reduced to \$10,337,780, a decline of \$397,220 from the FY2010 budget. The only other major decline in revenues is in interest earnings, which are budgeted at \$80,000, less than half of the prior year budget. Other revenues in the General Fund are expected to remain stable or experience modest gains.

Total fund expenditures for the 2011 fiscal year have been appropriated at \$27,727,970, which is \$452,980 more than the 2010 budget. The greater expenditures are entirely attributed to the General Fund's contributions to the Capital Replacement and Information Technology Funds. These two funds accumulate resources over time to provide for the replacement of obsolete equipment. During preparation of the 2010 budget, it was determined that the funds had accumulated balances in excess of those needed to replace obsolete equipment and that contributions to the funds could be suspended for one year. Those contributions have been restored in the 2011 budget, totaling \$1,068,300. Reductions in other expenditure categories, particularly personal services, mitigated the increased cost of the capital replacement contributions. Staffing in the General Fund was reduced a net 5.8 FTE, bringing total staffing for General Fund functions to 228.6 FTE. All eliminated positions were vacant and required no layoff or transfer of employees. Although the budget does not include funding of a merit salary increase, in recognition of the quality work provided by Town employees, a one-time merit payment equal to 1 percent of employee salaries was added to the budget by the City Council. The cost of this non-recurring adjustment in the General Fund is approximately \$145,000.

In addition to operating expenditures, the General Fund budget reflects the transfer of \$700,000 to the Economic Development Fund to support activities that will attract and retain businesses in Addison. The net impact of revenues, expenditures and transfers is a projected \$1,611,970 reduction in the fund balance. The ending fund balance of \$9,009,940 represents 32.4 percent of operating expenditures, which is above the 25 percent minimum balance required by the Town's financial policies. The long-term financial plan for the

General Fund anticipates a gradual decline in the funding disparity, with operating revenues exceeding operating expenditures by the 2015 fiscal year and the ending fund balance dropping to 22.1 percent of operating expenditures in 2014 before recovering in 2015.³

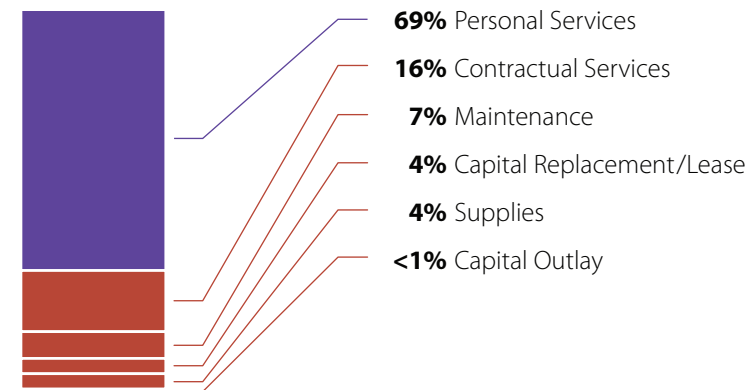
1. Please refer to the Sector 5 narrative in the Town Chronicle section for more information related to the hospital.
2. The table that reflects the components of the property tax levy and rates can be found in the Introduction section of this document.
3. For more information related to the General Fund long-term plan please refer to Appendix E.

General Fund By Major Cost Category

Category	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Personal Services	\$18,683,684	\$19,298,610	\$18,944,110	\$19,003,920
Supplies	1,182,235	1,421,060	1,154,900	1,237,360
Maintenance	2,486,433	1,909,410	1,777,690	1,917,200
Contractual Services	4,583,236	4,640,910	4,366,960	4,400,190
Capital Replacement/Lease	860,572	5,000	3,870	1,073,300
Capital Outlay	128,060	-	13,700	96,000
Total Fund Budget	\$27,924,220	\$27,274,990	\$26,261,230	\$27,727,970

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

General Fund Operating Expenditures by Cost Category



General Fund Statement of Revenue and Expenditures

	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Beginning Balance	\$11,695,930	\$11,083,000	\$10,652,740	\$10,621,910
Revenues				
Ad valorem taxes	9,751,967	10,707,230	10,707,230	10,386,590
Non-property taxes	10,520,530	10,735,000	10,178,970	10,337,780
Franchise fees	2,761,511	2,522,000	2,546,590	2,607,960
Licenses and permits	429,681	360,000	732,490	621,080
Intergovernmental	101,300	198,450	-	-
Service fees	1,400,529	1,344,900	1,462,410	1,346,600
Fines and penalties	1,253,029	1,200,000	1,251,600	1,225,000
Interest earnings	273,920	177,500	107,870	80,000
Rental income	151,721	156,500	140,680	153,000
Other	79,033	75,000	89,430	57,990
Total Revenues	26,723,221	27,476,580	27,217,270	26,816,000
Total Resources Available	38,419,151	38,559,580	37,870,010	37,437,910
Expenditures				
General Government				
City Manager	1,301,637	1,296,640	1,265,500	1,527,890
Financial and Strategic Services	930,784	881,030	843,350	839,820
General Services	869,685	795,280	827,090	826,270
Municipal Court	510,933	520,440	524,800	509,580
Human Resources	503,180	583,490	521,370	519,630
Information Technology	1,180,524	1,236,440	1,208,190	1,325,600
Combined Services	755,531	694,510	650,790	602,680
City Council	305,227	462,470	536,890	297,650
Public Safety				
Police	7,288,251	7,390,520	7,095,720	7,630,580
Emergency Communications	1,038,330	1,135,680	1,065,110	1,156,290
Fire	5,964,407	5,719,570	5,479,840	5,780,280
Development Services				
Streets	864,234	955,580	870,130	898,680
Parks and Recreation				
Parks	2,677,554	2,527,050	2,304,360	2,535,480
Recreation	1,377,724	1,398,690	1,370,080	1,482,660
Total Expenditures	27,924,220	27,274,990	26,261,230	27,727,970
Other Financing Sources (Uses)				
Interfund transfer	157,811	(1,000,000)	(986,870)	(700,000)
Ending Fund Balance	\$10,652,742	\$10,284,590	\$10,621,910	\$9,009,940

General Fund Statement of Revenues by Source

	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Ad valorem taxes				
Current taxes	\$9,744,498	\$10,680,130	\$10,680,130	\$10,375,430
Delinquent taxes	(14,883)	3,390	3,390	9,850
Penalty and interest	22,352	23,710	23,710	1,310
Non-property taxes				
Sales tax	9,584,496	9,760,000	9,263,300	9,377,780
Alcoholic beverage tax	936,034	975,000	915,670	960,000
Franchise/right-of-way use fees				
Electric franchise	1,514,152	1,500,000	1,450,000	1,500,000
Gas franchise	329,963	325,000	189,090	250,000
Telecommunication access fees	738,637	560,000	675,000	650,000
Cable franchise	170,479	130,000	225,000	200,000
Wireless network fees	7,000	-	-	-
Street rental fees	1,280	7,000	7,500	7,960
Licenses and permits				
Business licenses and permits	160,607	160,000	150,460	167,340
Building and construction permits	269,074	200,000	582,030	453,740
Intergovernmental revenue				
	101,300	198,450	-	-
Service fees				
General government	465	600	700	650
Public safety	777,791	725,000	860,080	757,080
Urban development	2,945	5,000	3,520	5,300
Streets and sanitation	350,587	350,000	334,870	319,870
Recreation	87,085	80,000	78,940	79,400
Interfund	181,656	184,300	184,300	184,300
Court fines				
	1,253,029	1,200,000	1,251,600	1,225,000
Interest earnings				
	273,920	177,500	107,870	80,000
Rental income				
	151,721	156,500	140,680	153,000
Other				
	79,033	75,000	89,430	57,990
Total Revenues	\$26,723,221	\$27,476,580	\$27,217,270	\$26,816,000

City Manager

Department Mission

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

Program Narrative

Accomplishments of FY2010

- Worked with hospital developers to bring the Methodist Hospital for Surgery to Addison.
- Worked with TIP Strategies to develop a new economic development strategy for the organization and community.
- Negotiated with property owners of Village on the Parkway for "Visit Addison", a space that provides a more prominent location for Addison's Visitor Services department, the Metrocrest Chamber of Commerce, and the Craft Guild.
- Led negotiations with United Dominion Realty on progress of the Vitruvian Park development.
- Reorganized the City Manager's Office to reassign operational department responsibilities between the City Manager, Deputy City Manager, and Assistant City Manager.
- Continued working with representatives of DISD to design, begin construction, and plan for community involvement in the new George H.W. Bush Elementary School to open in Addison in September 2011.
- Led negotiations to establish separate contracts for the management of Addison Airport by URS Engineering & Construction and SAMI Management, Inc. for operations and real estate services.

Objectives for FY2011

- Implement recommendations resulting from the study of public safety operations.
- Implement a new streetscape plan for the redevelopment of Belt Line Road.
- Complete the Charter Review process.
- Continue to monitor and provide oversight of the Vitruvian Park development.
- Implement a social media strategy.
- Reassess the Town's marketing strategy.
- Establish a City Manager's blog to enhance public communication.
- Conduct a 2010 Citizen Academy program with the Human Resources department.
- Facilitate construction of a medical office building adjacent to the new Methodist Hospital for Surgery.

Notable Budget Items

- Library cards for residents to use City of Farmers Branch and City of Dallas libraries (\$217,790).
- Modified Level of Service: Elimination of the Assistant to the City Manager position (savings of \$104,800).
- Modified Level of Service: Additional department Receptionist from 0.5 FTE to 1.0 FTE (\$21,000). This position was partially shared with the Visitor Services department when that department officed at Town Hall.
- Modified Level of Service: Addition of temporary contracted Project Manager (\$100,000).
- Modified Level of Service: Additional library card funding to accommodate increase in City of Farmers Branch fees (\$100,000).
- Modified Level of Service: Study of expanding Town Hall to accommodate the Financial and Strategic Services department (\$15,000).

	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Expenditures				
Personal Services	\$869,345	\$940,630	\$911,580	\$929,510
Supplies	44,864	31,350	36,350	26,850
Maintenance	33,037	24,040	24,040	31,000
Contractual Services	319,770	300,620	293,530	523,030
Capital Replacement/Lease	15,280	-	-	17,500
Capital Outlay	19,341	-	-	-
Total Department Budget	\$1,301,637	\$1,296,640	\$1,265,500	\$1,527,890

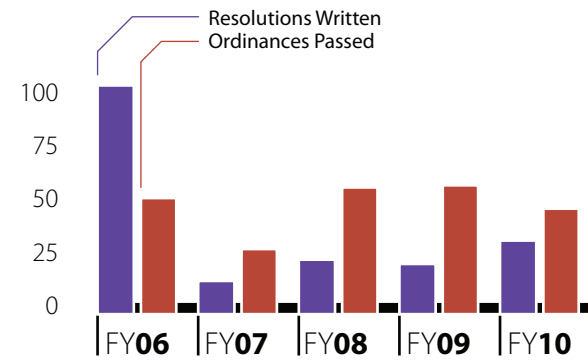
	Level	Budget 2007-08	Budget 2008-09	Budget 2009-10	Budget 2010-11
Staffing					
City Manager	N/C*	1.0	1.0	1.0	1.0
Deputy City Manager	34	1.0	1.0	1.0	1.0
Assistant City Manager	32	2.0	2.0	1.0	1.0
Assistant to the City Manager**	27	0.0	0.0	1.0	0.0
Secretary - Executive	11	1.0	1.0	1.0	1.0
Secretary - Administrative	9	2.0	2.0	2.0	2.0
Receptionist***	6	0.5	0.5	0.5	1.0
Intern	1	1.0	1.0	1.0	1.0
Total		8.5	8.5	8.5	8.0

*Not classified.

**This position was eliminated in FY11.

***Previous to FY11, a portion of this FTE was reflected in the Visitor Services department.

Ordinances Passed and Resolutions Written



City Council protocols were modified in 2007 that resulted in issuance of fewer resolutions.

Financial and Strategic Services

Department Mission

To optimally manage the Town's resources through its Financial Services and Strategic Services divisions. The Strategic Services division has three core services: budgeting, purchasing, and management analysis. The Financial Services division manages all aspects of the Town's financial reporting including treasury and investment management, coordinates utility billing, and handles all accounts receivable and accounts payable for the Town. The Chief Financial Officer is charged with satisfying this mission by providing general supervision to all department functions. The department develops the Town's comprehensive annual financial report and administers the Town's risk management and treasury functions.

Program Narrative

Accomplishments of FY2010

- Began digitizing current utility billing records.
- Audited and compared a portion of the utility meters in service to the utility billing system.
- Improved the new vendor set up process by creating an electronic submission form.
- Implemented an online utility application option on the Town's website.
- Worked with the Conference Centre to reconcile deposits and develop a process for future deposits.
- Completed a risk management procedures manual.
- Identified and implemented improvements in the tracking of intergovernmental revenues and expenditures.
- Improved asset capitalization processes.
- Identified and implemented improvements to the Financial and Strategic Services department's role in special events.

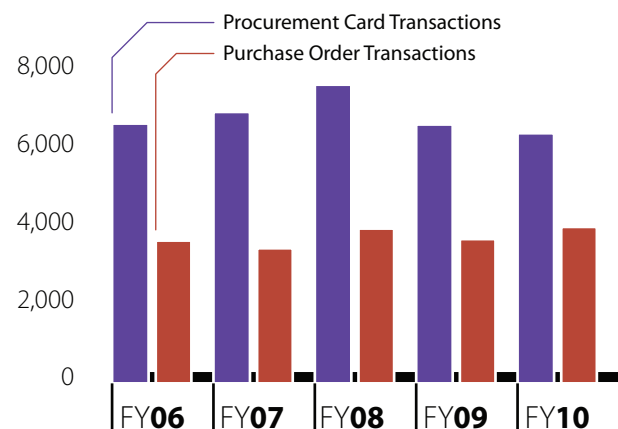
Objectives for FY2011

- Review and update purchasing and accounts payable policies.
- Identify and implement improvements to cash receipting.
- Improve general ledger mapping for Conference Centre deposits and reimbursable expenses.
- Investigate the use of a payment portal for non-utility revenues.
- Complete a financial reporting procedures manual.
- Investigate options for digitizing journal entry records.
- Review and update inventory of capital assets within replacement funds.
- Work with the new Economic Development department to administer programs to attract and retain commercial development, including the expansion of the Crown Plaza hotel.

Notable Budget Items

- Professional services including annual audit services (\$23,000), payment to Dallas Central Appraisal District for appraisal services (\$79,400), sales tax and hotel occupancy tax reporting and audit services (\$16,000), and Dallas County tax collection fees (\$8,500).
- Modified Level of Service: Elimination of the Strategic Services Manager position (savings of \$92,600).

Procurement Transactions by Method

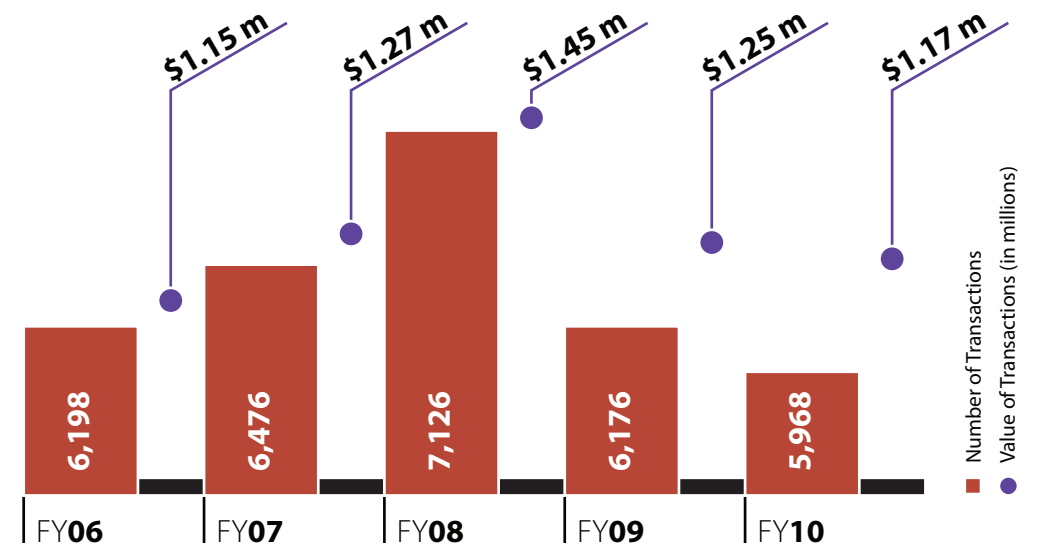


	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Expenditures				
Personal Services	\$579,502	\$565,990	\$535,640	\$501,250
Supplies	41,907	34,200	39,680	39,500
Maintenance	30,102	39,600	39,420	27,590
Contractual Services	262,693	241,240	228,610	253,680
Capital Replacement/Lease	16,580	-	-	17,800
Capital Outlay	-	-	-	-
Total Department Budget	\$930,784	\$881,030	\$843,350	\$839,820

Staffing	Level	Budget 2007-08	Budget 2008-09	Budget 2009-10	Budget 2010-11
Chief Financial Officer	31	0.0	1.0	1.0	1.0
Dir. of Financial and Strategic Services	31	1.0	1.0	0.0	0.0
Asst. Dir. of Financial and Strategic Services	29	1.0	0.0	0.0	0.0
Financial Services Manager	26	1.0	1.0	1.0	1.0
Strategic Services Manager*	26	1.0	1.0	1.0	0.0
Financial Services Supervisor	22	1.0	1.0	1.0	1.0
Accountant	20	1.0	1.0	1.0	1.0
Management Analyst	20	1.0	1.0	1.0	1.0
Accounting Specialist	8	3.0	3.0	3.0	3.0
Total		10.0	10.0	9.0	8.0

*This position was eliminated in FY11.

Procurement Card Transactions



Number of transactions in FY2009 and FY2010 declined due to restrained spending in light of the recession.

General Services

Department Mission

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

Program Narrative

Accomplishments of FY2010

- Coordinated and supervised all budget approved Town facilities projects including:
 - Police Facility – Painting, flooring, and locker room improvements.
 - Police Facility – Electrical service upgrade.
- Completed a new custodial services contract with a 26 percent annual cost savings.
- Participated in the Take A Load Off Texas Government Facilities Program which included:
 - Benchmarked Town facilities' energy usage and efficiency.
 - Developed an Energy Master Plan for Town facilities.
 - Completed an energy audit of the Addison Athletic Club.
- Expanded Automotive Service Excellence (ASE) and Emergency Vehicle Technician (EVT) fleet technician training (nine total certifications).
- Added two hybrid electric vehicles to the Town's fleet.
- Developed specifications, purchased, and performed make-ready for 19 new fleet vehicles.

Objectives for FY2011

- Coordinate and supervise Town facility maintenance projects.
- Continue to participate in the Take A Load Off Texas Government Facilities Program including:
 - Identify and implement energy efficiency projects at the Addison Athletic Club.
 - Pursue grant funding for these projects.
- Continue to expand ASE and EVT fleet technician training towards the goal of having all technicians Master Certified in Automotive and Heavy Truck.
- Develop specifications, purchase, and perform make-ready for eight new fleet vehicles as approved.
- Continue to expand the use of hybrid electric vehicles to the fleet where applicable.

Notable Budget Items

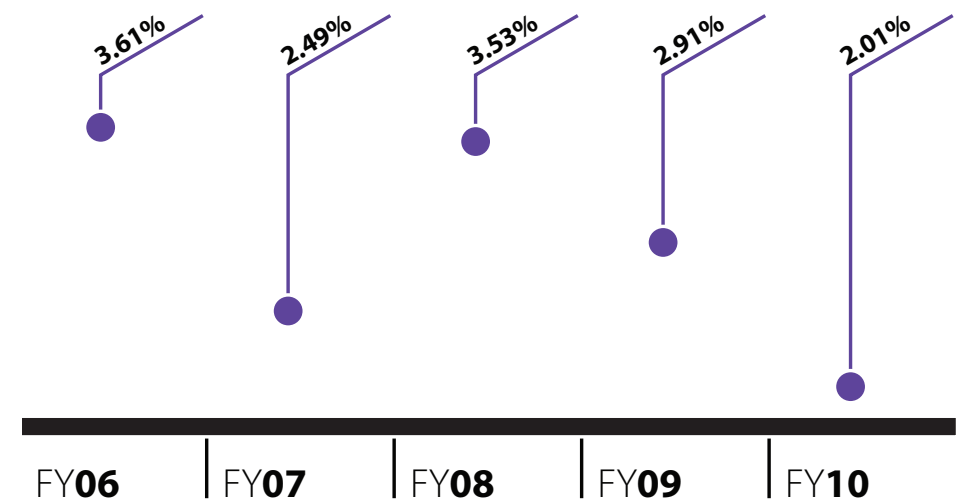
- Costs associated with operating the Service Center building including utilities (\$101,800).
- Modified Level of Service: Elimination of Fleet Technician position (savings of \$53,400).
- Modified Level of Service: Addition of security cameras at the Service Center to deter theft of Town equipment (\$25,000).
- Modified Level of Service: Electrical panel inspections at Town facilities to ensure electrical connections have not deteriorated over time (\$5,000).

Expenditures	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Personal Services	\$621,890	\$633,650	\$662,630	\$606,590
Supplies	27,686	28,600	28,840	27,700
Maintenance	90,457	58,200	58,200	55,600
Contractual Services	78,927	74,830	77,420	77,580
Capital Replacement/Lease	26,120	-	-	33,800
Capital Outlay	24,605	-	-	25,000
Total Department Budget	\$869,685	\$795,280	\$827,090	\$826,270

Staffing	Level	Budget 2007-08	Budget 2008-09	Budget 2009-10	Budget 2010-11
Director - General Services	31	1.0	1.0	1.0	1.0
Supervisor - Fleet Services	13	1.0	1.0	1.0	1.0
Supervisor - Facilities Services	11	1.0	1.0	1.0	1.0
Technician - Fleet*	8	3.0	3.0	3.0	2.0
Secretary - Department	8	1.0	1.0	1.0	1.0
Clerk - Inventory	4	1.0	1.0	1.0	1.0
Mail Carrier	4	1.0	1.0	1.0	1.0
Custodian	2	1.0	1.0	1.0	1.0
Total		10.0	10.0	10.0	9.0

*One Technician position was eliminated in FY11.

Fleet Downtime (as a percentage of time in operation)



The department works to respond to repairs rapidly to maintain a downtime of less than 3 percent.

Municipal Court

Department Mission

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

Program Narrative

Accomplishments of FY2010

- Participated in the statewide warrant round-up to collect on outstanding warrants.
- Implemented a collection program using volunteers from the Addison Advocates volunteer program.
- Maintained and enhanced the court's website to improve customer service.
- Identified and implemented methods to improve customer service.

Objectives for FY2011

- Continue to improve warrant collections by serving current warrants and participating in the statewide warrant round-ups.
- Evaluate all new laws passed during the 2011 Texas State Legislative session to determine their impact on court procedures.
- Implement an upgrade to the department's software to allow customers to make partial payments over the Internet once they have established a payment plan with the court.
- Implement an upgrade to the department's software to allow eligible customers the opportunity to request a defensive driving course over the Internet.

Notable Budget Items

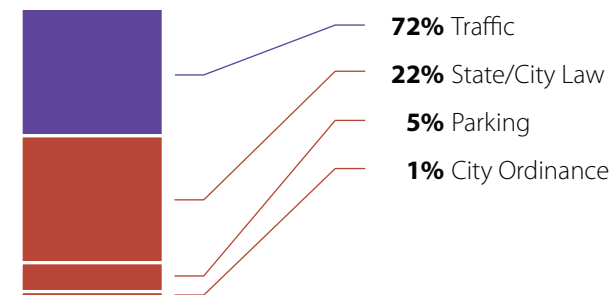
- Legal fees associated with prosecuting attorney and associate judges (\$41,000).
- Modified Level of Service: Elimination of Warrant Officer position (savings of \$82,400) to be replaced by a part-time Court Clerk (\$35,680). The Warrant Officer performed largely clerical duties for the court. The bailiff duties previously performed by the Warrant Officer are being fulfilled through police officer overtime paid out of the Municipal Court Fund.

Expenditures	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Personal Services	\$435,934	\$443,970	\$451,030	\$413,550
Supplies	18,557	18,240	15,490	15,240
Maintenance	226	1,900	1,700	-
Contractual Services	48,346	56,330	56,580	56,390
Capital Replacement/Lease	7,870	-	-	24,400
Capital Outlay	-	-	-	-
Total Department Budget	\$510,933	\$520,440	\$524,800	\$509,580

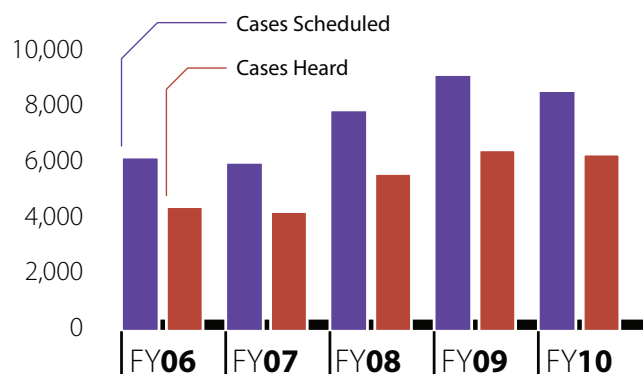
Staffing	Level	Budget 2007-08	Budget 2008-09	Budget 2009-10	Budget 2010-11
Administrator - Court	24	1.0	1.0	1.0	1.0
Warrant Officer*	P2	1.0	1.0	1.0	0.0
Clerk - Court	7	2.0	3.0	3.0	3.7
Municipal Judge	N/C**	0.7	0.7	0.7	0.7
Total		4.7	5.7	5.7	5.4

*This position was eliminated in FY11 and converted to part-time Court Clerk.
 **Not classified.

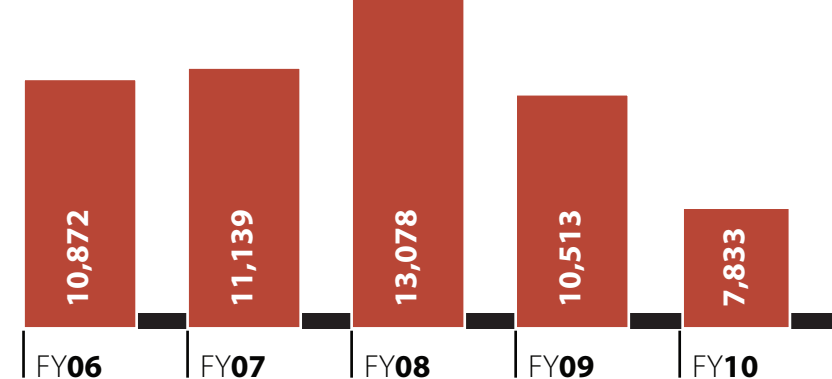
Violations by Type



Cases Scheduled and Heard



Citations Processed



Human Resources

Department Mission

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

Program Narrative

Accomplishments of FY2010

- Implemented the Town's first Dynamic Supervisor Training Series which included 27 employees that represented various Town departments to start the process of succession management planning.
- Coordinated and implemented the Town's first in-house technical training series which focused on CPR, first aid and defensive driving.
- Partnered with Fire department in providing nutrition and exercise focus.
- Implemented volunteer recognition program for the Addison Advocates volunteer program.
- Completed benefit analysis of neighboring cities to ensure the Town continues to attract and retain quality employees through a competitive benefits package.

Objectives for FY2011

- Expand the Town's New Employee Orientation Program to include additional soft skill and leadership training.

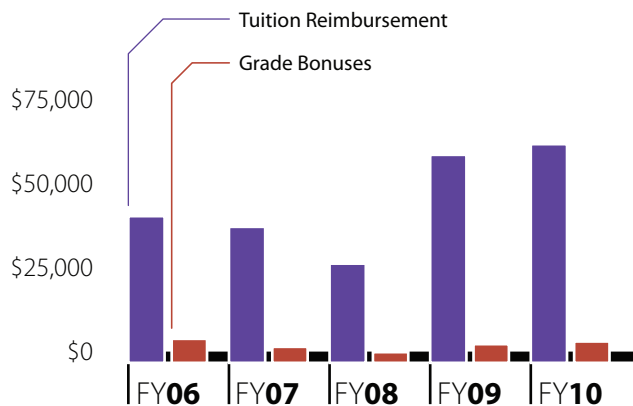
- Provide a compliance training series through the Addison Training Academy to ensure compliance with local, state and federal laws.
- Coordinate and offer a Citizens Academy in conjunction with the City Manager's Office to Addison residents in Fall 2010 to inform and engage citizenry in local government policy and practice.

- Implement a succession management program that builds on the Dynamic Supervisor Training Series and focuses on capturing knowledge while developing skills for future leadership opportunities.
- Expand the Addison Advocates volunteer program to supplement Town staff in conducting daily operations and to staff the new "Visit Addison" visitor and arts center.

Notable Budget Items

- Town-wide tuition reimbursement program (\$55,000).
- Professional development programs including the Dynamic Leadership Training Series (\$20,000) and the Addison Training Academy (\$27,000).
- Modified Level of Service: Elimination of the Employment Specialist position (savings of \$68,500).
- Modified Level of Service: Deletion of succession planning training (savings of \$15,000). Funds for a succession planning consultant have been included in the City Council budget.

Tuition Reimbursement

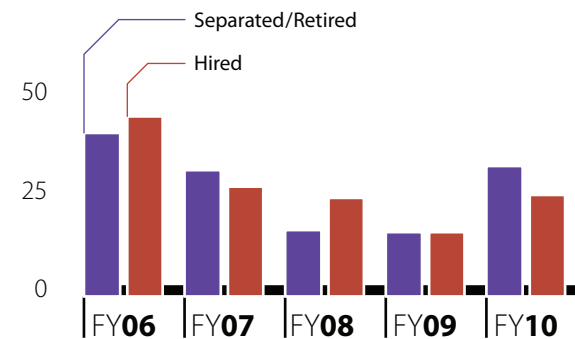


Expenditures	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Personal Services	\$412,393	\$421,080	\$399,210	\$372,670
Supplies	12,626	13,200	7,450	11,750
Maintenance	526	600	600	500
Contractual Services	70,885	148,610	114,110	125,610
Capital Replacement/Lease	6,750	-	-	9,100
Capital Outlay	-	-	-	-
Total Department Budget	\$503,180	\$583,490	\$521,370	\$519,630

Staffing	Level	Budget 2007-08	Budget 2008-09	Budget 2009-10	Budget 2010-11
Director - Human Resources	31	1.0	1.0	1.0	1.0
Benefits Specialist	21	1.0	1.0	1.0	1.0
Employment Specialist*	21	1.0	1.0	1.0	0.0
Volunteer Coordinator	11	0.0	0.5	0.5	0.5
Payroll Specialist	10	0.7	0.7	0.7	0.7
Secretary - Department	8	1.0	1.0	1.0	1.0
Total		4.7	5.2	5.2	4.2

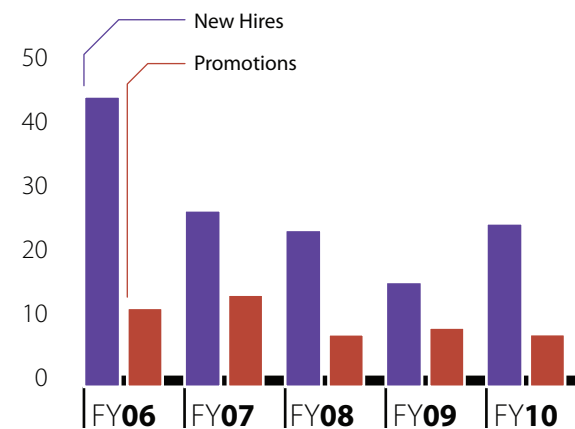
*This position was eliminated in FY11.

Employees Processed



Annual new hires and separations include 15 seasonal employees at the Addison Athletic Club.

Hires by Type



Information Technology

Department Mission

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

Program Narrative

Accomplishments of FY2010

- Established a comprehensive plan to use social networking and social media for collaboration, marketing, and transparency in government.
- Expanded the existing wireless system at the Arts and Events District.
- Upgraded the utility billing system.
- Upgraded Microsoft Office 2000 products to Office 2007 products.
- Facilitated training for the entire organization on Microsoft Office 2007 products.
- Enhanced the Municipal Court software package.
- Replaced ambulance rugged laptops.
- Deployed an online ticketing program to offer new ways to sell tickets for special events.
- Implemented the ShopQA technology to offer web hosting services to Addison businesses.

Objectives for FY2011

- Release a Request for Proposals (RFP) to replace the rugged laptops and in-car video cameras inside patrol vehicles.
- Investigate, design, and deploy a Social Media Management System to manage work flow of information between disparate social media platforms.
- Release an RFP to replace the laptops Town-wide.

- Work closely with the public safety departments to explore a holistic approach to replace the existing simulcast radio system (a multi-year project).
- Continue to work with businesses to promote the ShopQA technology.
- Implement payment card industry (PCI) network security assessments.
- Work with Town departments to deploy a smarter way to manage, monitor, and route forms electronically.
- Restructure the Addison websites to be mobile device-enabled.

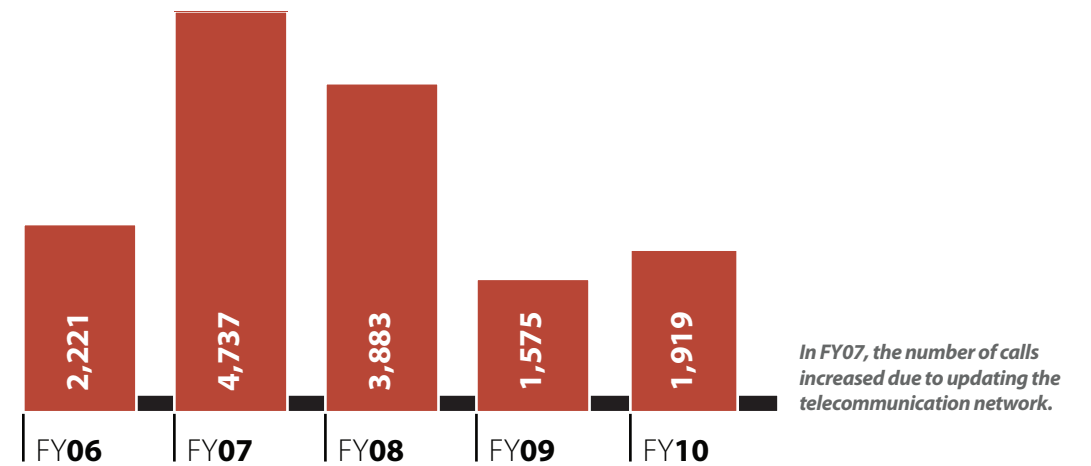
Notable Budget Items

- Contracts with vendors to maintain the Town's general government information technology systems (\$184,710).
- Contracts with vendors to maintain the Town's public safety information technology systems (\$147,500).
- Modified Level of Service: Replacement of three leased copiers (\$30,000).
- Modified Level of Service: GIS training (\$25,000). In previous years the Utility department budget included funding for GIS contract work. This function will now be performed in-house by the Information Technology department.

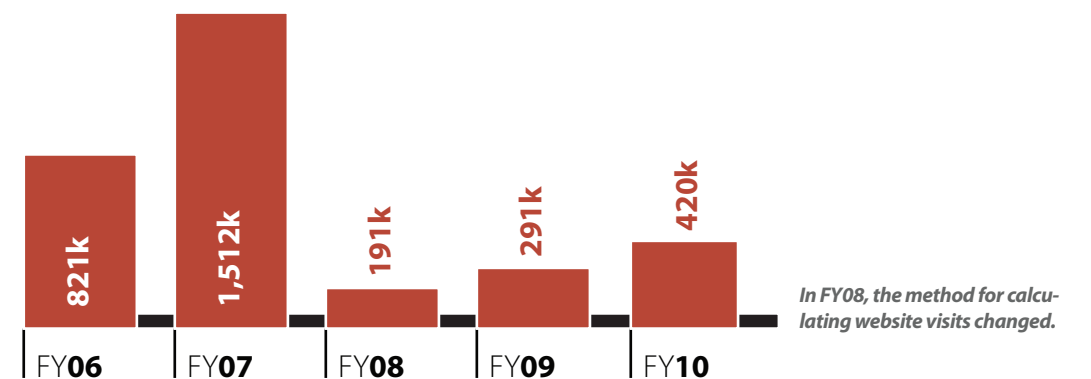
Expenditures	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Personal Services	\$717,180	\$719,640	\$731,340	\$747,400
Supplies	50,349	64,170	54,670	64,170
Maintenance	335,075	347,480	347,480	344,210
Contractual Services	66,000	105,150	74,700	84,720
Capital Replacement/Lease	11,920	-	-	55,100
Capital Outlay	-	-	-	30,000
Total Department Budget	\$1,180,524	\$1,236,440	\$1,208,190	\$1,325,600

Staffing	Level	Budget 2007-08	Budget 2008-09	Budget 2009-10	Budget 2010-11
Director - IT	31	1.0	1.0	1.0	1.0
Network Specialist	25	5.0	5.0	5.0	5.0
Total		6.0	6.0	6.0	6.0

Number of Service Calls



Number of Unique Website Visitors (in thousands)



Combined Services

Department Mission

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

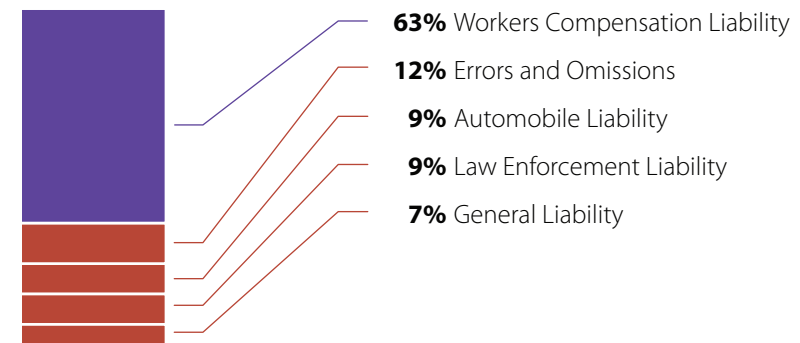
Program Narrative

Notable Budget Items

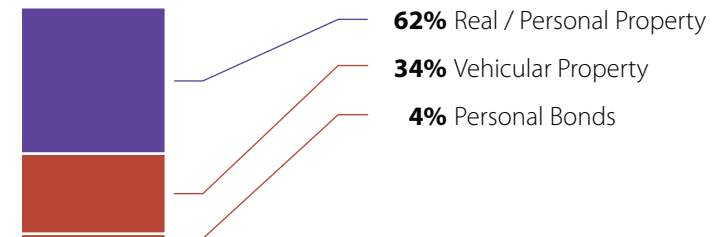
- Legal fees (\$240,000).
- Delivery and postage for Town mailings (\$78,000).
- Town-wide liability insurance (\$120,000).
- Proposed reduction of miscellaneous studies (savings of \$100,000).

Expenditures	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Personal Services	\$44,363	\$37,090	\$57,890	\$37,090
Supplies	108,361	108,690	98,600	111,490
Maintenance	-	-	-	-
Contractual Services	602,807	548,730	494,300	454,100
Capital Replacement/Lease	-	-	-	-
Capital Outlay	-	-	-	-
Total Department Budget	\$755,531	\$694,510	\$650,790	\$602,680

Liability Insurance Permits by Category



Property Insurance Premiums by Category



City Council

Department Mission

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

Accomplishments of FY2010

- Conducted a comprehensive vision and goal setting process to establish priorities for the community.
- Led and participated in a study to assess Addison's economic condition and set new strategies.
- Approved new contracts for the operational and real estate management services of Addison Airport.
- Approved an interlocal agreement with DISD for landscape maintenance of the new George H.W. Bush Elementary School in Addison.

Objectives for FY2011

- Refine and expand the Town's strategic plan that coincides with the vision/value statement established during the development of the 2010–2011 budget.
- Form a subcommittee of the Council to work with management staff to develop a strategy for attracting new retail and commercial development.
- Develop a board governance model that will optimize the working relationship between the City Council, the City Manager, and the organization's management team.
- Effectively implement changes to the City Charter approved by the public in the November 2010 election, including the permitting of stores to sell beer and wine.
- Develop a formal process for delegating oversight of various public agencies and associated policy issues to Council and citizen committees.

Notable Budget Items

- Non-profit grant funding:
 - Communities in Schools (\$40,000).
 - Contact Crisis Line (\$5,000).
 - Metrocrest Chamber of Commerce (\$10,000).
 - Metrocrest Family Medical Clinic (\$3,000).
 - Metrocrest Social Services (\$30,000).
 - Senior Adult Services (\$17,000).
 - Special Care and Career Services (\$5,000).
 - The Family Place (\$10,000).
 - United Basketball League (\$2,000).
- Modified Level of Service: \$215,360 of the \$700,000 transfer to the Economic Development Fund from the General Fund are economic development funds previously budgeted in the City Council budget.
- Modified Level of Service: Succession planning consultant (\$50,000). Some of the additional funding is offset by eliminating \$15,000 from the Human Resources department budget for succession planning training.

	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Expenditures				
Personal Services	\$27,459	\$30,150	\$30,090	\$30,130
Supplies	21,830	35,590	26,510	17,340
Maintenance	-	-	-	-
Contractual Services	253,968	396,730	469,790	249,780
Capital Replacement/Lease	1,970	-	-	400
Capital Outlay	-	-	10,500	-
Total Department Budget	\$305,227	\$462,470	\$536,890	\$297,650

Council	Name	Profession	Term of Office
Mayor	Joe Chow	Rest. Owner/Ins. Agency Owner	05/09-05/11
Mayor Pro Tempore	Don R. Daseke	East Teak Fine Hardwoods	05/09-05/11
Deputy Mayor Pro Tempore	Blake W. Clemens	Corporate Real Estate	05/09-05/11
Council Member	Kimberly Lay	Commercial Real Estate	05/10-05/12
Council Member	Roger S. Mellow	Investments	05/10-05/12
Council Member	Bianca R. Noble	Marketing	05/09-05/11
Council Member	Neil Resnik	Financial Services/Life Insurance	05/10-05/12

Police

Department Mission

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

Program Narrative

Accomplishments of FY2010

- Obtained grant funding for equipping all patrol vehicles with portable defibrillators.
- Installed a Livescan fingerprint system for the jail which was acquired with grant funding.
- Utilized the Federal government’s American Recovery and Reinvestment Act (ARRA) grant program to supplement staffing to include a sergeant added to the Hotel/Business Retention Unit, a community services liaison officer assigned to the Addison Circle Urban District, and an officer to be assigned to expand the Hotel/Business Retention Unit.
- Became the 25th police department in Texas to become a “Recognized” department.
- Assisted a consulting group from the International City Managers Association who conducted a strategic and operations review of the department.
- Completed budgeted repairs and modifications that included modified internal access points

to non-public police and courts areas significantly improving security for employees, installed a new floor in the jail, upgraded the building’s electrical system, and painted the interior of the building.

Objectives for FY2011

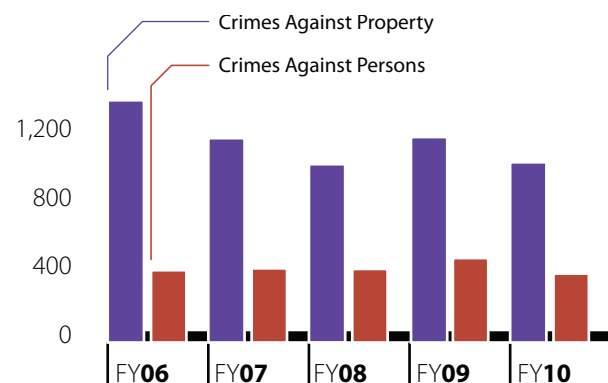
- Complete Phase I of the three-phase replacement process for the Tri-Cities Public Safety Radio System. Phase I requires identifying replacement options, new technologies, and resource sharing to include possibly combining dispatch services with other cities.
- In response to the public safety organization study conducted by the International City Management Association, the department will continue efforts to expand resource sharing with neighboring police departments.
- Using seized funds, expand the department’s cell phone investigative capabilities through the purchase of the latest technology in cell phone forensics.¹

Notable Budget Items

- Fuel (\$145,360).
- Overtime (\$200,000).
- Modified Level of Service: Elimination of Assistant to the Chief position (savings of \$65,000).
- Modified Level of Service: Painting of Police and Courts building exterior (\$45,000).

1. Please refer to the Public Safety Fund section of this document for more information on seized funds.

Property and Violent Crime Rates

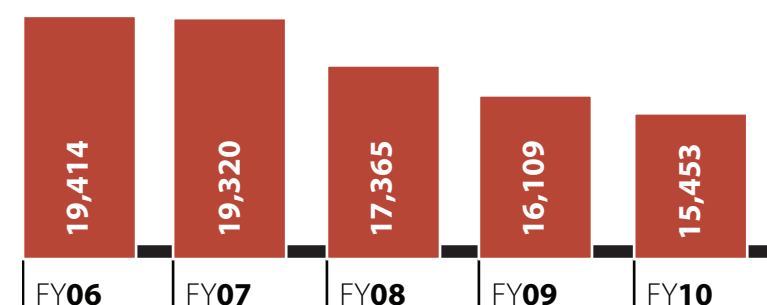


Expenditures	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Personal Services	\$6,032,856	\$6,340,560	\$6,174,220	\$6,101,490
Supplies	297,610	384,060	257,300	314,080
Maintenance	201,059	320,660	321,000	209,290
Contractual Services	371,076	345,240	340,000	327,920
Capital Replacement/Lease	373,900	-	-	677,800
Capital Outlay	11,750	-	3,200	-
Total Department Budget	\$7,288,251	\$7,390,520	\$7,095,720	\$7,630,580

Staffing	Level	Budget 2007-08	Budget 2008-09	Budget 2009-10	Budget 2010-11
Director - Police Chief	31	1.0	1.0	1.0	1.0
Assistant Police Chief	P6	0.0	1.0	1.0	1.0
Captain	P5	2.0	1.0	1.0	1.0
Lieutenant	P4	3.0	3.0	3.0	3.0
Sergeant	P3	6.0	6.0	6.0	6.0
Assistant to the Chief*	22	0.0	0.0	1.0	0.0
Manager - Public Safety Comm.	22	1.0	1.0	0.0	0.0
Supervisor - Detention	11	1.0	1.0	1.0	1.0
Police Officer	P2	45.0	45.0	48.0	48.0
Police Administration Technician	9	1.0	1.0	1.0	1.0
Jailer	7	1.0	2.0	2.0	2.0
Secretary - Department	8	1.0	1.0	1.0	1.0
Investigative Specialist	6	1.0	1.0	1.0	1.0
Public Service Officer	6	1.0	1.0	1.0	1.0
Clerk - Police Records	5	2.0	2.0	2.0	2.0
Jailer - Temporary	N/C**	3.3	3.3	3.3	3.3
Total		69.3	70.3	73.3	72.3

*This position was eliminated in FY11. **Not classified.

Calls for Service



Beginning in FY08, calls for service have declined due to the demolition of several apartment complexes as part of the Vitruvian Park development.

Emergency Communications

Function

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

Program Narrative

Notable Budget Items

- Public relations services (\$28,000).
- Combined 9-1-1 lines (\$148,000).
- Simulcast site maintenance fee (\$31,550).
- Spectrum Centre site lease (\$19,000).

Expenditures	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Personal Services	\$756,597	\$827,850	\$796,150	\$845,710
Supplies	-	14,670	9,700	5,000
Maintenance	73,032	74,900	72,700	70,180
Contractual Services	208,701	218,260	186,560	235,400
Capital Replacement/Lease	-	-	-	-
Capital Outlay	-	-	-	-
Total Department Budget	\$1,038,330	\$1,135,680	\$1,065,110	\$1,156,290

Staffing	Level	Budget 2007-08	Budget 2008-09	Budget 2009-10	Budget 2010-11
Supervisor - Communications	11	1.0	1.0	1.0	1.0
Dispatcher	D1	12.5	12.5	12.5	12.5
Total		13.5	13.5	13.5	13.5

Fire

Department Mission

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

Program Narrative

Accomplishments of FY2010

- Conducted extensive training program that included:
 - Two employees who completed Fire Officer I class bringing the total of Fire Officer I and II certifications to 23 personnel.
 - Two employees completed Driver/Operator class bringing the total Driver/Operator certifications to 43 personnel.
 - Five employees completed an Aircraft Rescue Firefighting course. All operations personnel are now certified in airport firefighting.
 - Four officers attended a Leadership Development course offered by the Texas Engineering Extension Services (TEEX).
 - Two officers were accepted in the Texas Fire Chief's Academy.
 - One officer completed a 40-hour Fire Officer III course.
 - The department acquired a software program to train employees in conversational Spanish to better assist Spanish-speaking accident victims.
 - Deputy Chief - EMS/Training successfully completed Executive Fire Officer Course offered through the National Fire Academy.

- Conducted annual resident smoke detector inspection and battery replacement program that involved visiting 295 Addison homes; conducting 158 home fire safety surveys; and replacing 1,133 smoke detector batteries.
- Hosted an interactive open house at Fire Station 2 for residents and businesses. The open house was attended by over 350 guests.
- Acquired and installed automated external defibrillators in police vehicles and Town buildings and trained 231 individuals on the use of these units.

Objectives for FY2011

- Continue participating in annual live fire drills.
- Send a minimum of four personnel to the Fire Department Instructors Conference.
- As the Town adds major development projects, the Fire Prevention division will continue to work closely with developers and property owners to ensure that appropriate life-safety systems are installed in all new structures and see that they are properly maintained and reliable in existing buildings.
- In response to the public safety organization study conducted by the International City Management Association, the department will investigate methods for optimizing emergency services through coordination of activities with neighboring cities.

Notable Budget Items

- Uniforms and protective clothing (\$72,650).
- Training (\$98,770).
- Modified Level of Service: Elimination of the Deputy Chief - Operations position (savings of \$106,830).
- Modified Level of Service: Carpet replacement at Fire Station 1 (\$30,000).

	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Expenditures				
Personal Services	\$4,973,045	\$5,017,740	\$4,875,940	\$4,963,620
Supplies	239,746	290,200	251,300	255,420
Maintenance	200,787	119,770	94,300	188,300
Contractual Services	257,348	291,860	258,300	264,440
Capital Replacement/Lease	272,770	-	-	108,500
Capital Outlay	20,711	-	-	-
Total Department Budget	\$5,964,407	\$5,719,570	\$5,479,840	\$5,780,280

	Level	Budget 2007-08	Budget 2008-09	Budget 2009-10	Budget 2010-11
Staffing					
Director - Fire Chief	31	1.0	1.0	1.0	1.0
Deputy Chief - Operations*	F5	1.0	1.0	1.0	0.0
Deputy Chief - Prevention	F5	1.0	1.0	1.0	1.0
Deputy Chief - EMS/Training	F5	1.0	1.0	1.0	1.0
Fire Captain	F4	6.0	6.0	6.0	6.0
Fire Prevention Specialist	FP2	1.0	1.0	1.0	1.0
Fire Lieutenant	F3	6.0	6.0	6.0	6.0
Fire Prevention Tech	FP1	1.0	1.0	0.0	0.0
Firefighter/Paramedic Fire Equip. Operator	F2	9.0	9.0	9.0	9.0
Firefighter/Paramedic	F2	27.0	27.0	27.0	27.0
Secretary - Department	8	1.0	1.0	1.0	1.0
Total		55.0	55.0	54.0	53.0

**This position was eliminated in FY11.*

Emergency Medical Services (EMS)	2006-07	2007-08	2008-09	2009-10
Mutual Aid EMS Calls	74	86	80	107
Addison EMS Calls	1,368	1,497	1,342	1,411
Total Average Response Time (in minutes)	4:28	4:25	4:03	4:01

Fire Services	2006-07	2007-08	2008-09	2009-10
Calls for Service	1,063	1,111	893	834
Fire Incidents with Ignition	74	35	50	44
Total Average Response Time (in minutes)	5:13	4:35	4:51	4:29

Table Notes: Mutual aid is a system where cities in a region respond to fires in other jurisdictions. Fire incidents with ignition are calls in which a fire is in progress at time of arrival by the Fire department. Final response time includes alarm processing time, turnout time, and time en route to the scene.

Development Services

Department Mission

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

Program Narrative

Accomplishments of FY2010

- Managed the process for design, fabrication, and installation of a new way-finding sign program for the Arts and Events District.
- Served as staff liaison to the Charter Review Commission.
- Processed development plans for Phase I of the Vitruvian Park development.
- Managed the Town's acquisition and razing of the property at 4099 Vitruvian Way.
- Regulated food protection and general sanitation at Taste Addison and a variety of outdoor activities at various restaurants and other businesses without a single confirmed food related incident.
- Organized and managed the Town-sponsored fall and spring garage sales and the e-recycling and document shredding objectives maintaining the same high quality that previous events have enjoyed.
- Issued 40 permits to private businesses hosting outdoor sales and/or special promotion events including the recurring farmers market at Village on the Parkway.
- Issued 594 permits with a valuation of \$115,344,593.
- Rewrote Town's sign ordinance and processed amendments that have reduced the number of requests for meritorious exceptions to the ordinance.
- Adopted 2008 National Electrical Code.

Objectives for FY2011

- Organize training course for new Planning and Zoning Commissioners.
- Continue to manage installation of exhibits for the Town's display cases at the Addison Post Office.
- Work with the City Attorney on process for new vendors selling beer and wine for off-premises consumption in locations other than Inwood Road.¹
- Take innovative approach with vendors at Town-sponsored events and special events/promotions at restaurants to ensure food and beverage safety.
- Maintain vigilance in mosquito control matters.
- Provide closer oversight and control of special events at private businesses especially regarding noise and Texas Alcoholic Beverage Commission (TABC) matters.
- Continue vigilance with the restaurant community assisting operators to ensure a suitable dining experience for non-smoking clientele.
- Adopt 2009 International Building Codes.
- Attend continuing education seminars to obtain certification in building code disciplines and maintain current professional licenses.
- Explore additional ways to enhance inspection procedures to ensure code compliance.
- Recommend additional changes to Addison sign ordinance.

Notable Budget Items

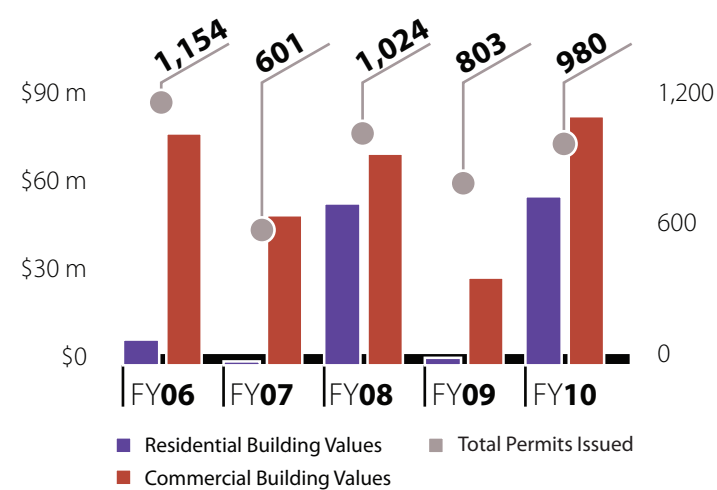
- Rental costs for two Town-sponsored garage sale and recycling events (\$25,000).
- Modified Level of Service: Mosquito sprayer (\$11,000).

1. For more information related to the Charter election, please refer to Sector 2 of the Town Chronicle section of this document.

	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Expenditures				
Personal Services	\$739,466	\$761,580	\$760,630	\$770,150
Supplies	14,785	22,570	15,070	16,170
Maintenance	5,158	3,900	1,300	5,150
Contractual Services	92,365	167,530	93,130	83,810
Capital Replacement/Lease	12,460	-	-	12,400
Capital Outlay	-	-	-	11,000
Total Department Budget	\$864,234	\$955,580	\$870,130	\$898,680

Staffing	Level	Budget 2007-08	Budget 2008-09	Budget 2009-10	Budget 2010-11
Director - Development Services	31	1.0	1.0	1.0	1.0
Official - Building	28	1.0	1.0	1.0	1.0
Official - Environmental Services	28	1.0	1.0	1.0	1.0
Inspector - Building	13	2.0	2.0	2.0	2.0
Environmental Health Specialist	12	1.0	1.0	1.0	1.0
Secretary - Department	8	1.0	1.0	1.0	1.0
Total		7.0	7.0	7.0	7.0

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



In FY10 the increase in commercial permits was driven by the Vitruvian Park development and the Methodist Hospital for Surgery. The residential increase is attributed to the Ashton Woods townhome development off Belt Line Road.

Streets

Department Mission

The Streets department is a sub-unit of the Public Works department. The department has a multi-faceted mission which is comprised of the following components: 1. Maintain the Town's streets at a level so that none of the estimated 150,000 vehicles which traverse the Town's streets every day are delayed due to pavement failure; 2. Maintain the Town's drainage system to remove storm water at the peak levels for which the system was designed; 3. Ensure all traffic signalization is operated to safely and efficiently move vehicular traffic through the community; 4. Collect all residential brush within two business days; 5. Administer the contract with private waste haulers for the effective collection and recycling of residential waste; 6. Humane enforcement of the Town's animal control and leash laws; 7. Supervise and coordinate the placement of all utility lines within Town right-of-ways to minimize the potential for disruption of utility services; 8. Administer the contract with a private street sweeping company to maintain clean streets; and 9. Oversee the installation, repair and maintenance of street lighting facilities Town-wide.

Program Narrative

Accomplishments of FY2010

- Assisted with projects such as the Town-wide traffic signal upgrade project, the Belt Line Road street lighting upgrade project, and the way-finding sign program for the Arts and Events District.
- Contracted major pavement repairs on Midway Road, Quorum Drive, and other roads.
- Contracted roadway joint and crack sealing on Inwood Road, Lindbergh Drive, Addison Road, and other roads.
- Contracted pavement lifting and stabilization on Marsh Lane and Quorum Drive.
- Accomplished the repainting of the Arapaho Bridge and all Belt Line Road traffic signal poles and arms.
- Contracted the replacement of pavement markers on various roadways.
- Repaired failed brick pavers on Arapaho Road.

- Upgraded all traffic signals in Addison with light emitting diodes (LEDs).
- Worked closely with the Special Events department to ensure successful traffic management and orderly parking at all special events.
- Provided emergency response to all weather emergencies including storm debris cleanup and road sanding during icy conditions.
- On average, responded to 140 calls a month for animal control service.

Objectives for FY2011

- Repair failed concrete pavement on Midway Road and Quorum Drive, failed asphalt pavement on Addison Road, and resurface Airport Parkway.
- Seal pavement joints and/or cracks on numerous Town streets.
- Lift and stabilize sections of concrete pavement on Quorum Drive and Westgrove Drive.
- Reconstruct the railroad crossings on Addison Road and Midway Road.
- Contract the installation of new street lights on Belt Line Road.
- Continue increased efforts to replace worn and missing pavement markings Town-wide.

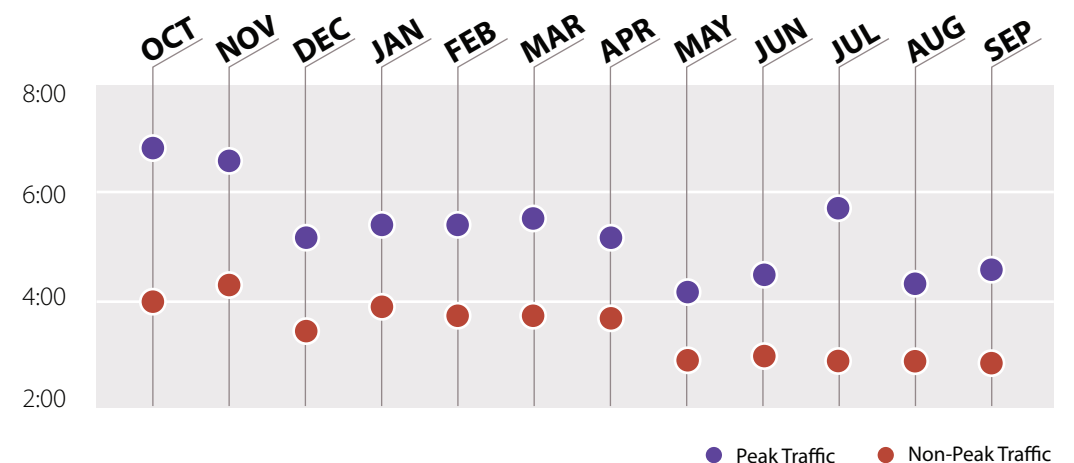
Notable Budget Items

- Electricity for street lights and signals (\$299,000).
- Residential garbage collection services (\$224,160).
- Modified Level of Service: Storm water mapping (\$56,000).
- Modified Level of Service: Joint and crack sealing (\$50,000).
- Modified Level of Service: Belt Line Road traffic signal power back-ups (\$37,800).

Expenditures	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Personal Services	\$512,062	\$521,820	\$541,370	\$548,440
Supplies	22,156	38,920	24,270	32,900
Maintenance	970,597	317,200	319,560	399,200
Contractual Services	823,686	799,660	812,810	798,740
Capital Replacement/Lease	27,610	-	-	15,600
Capital Outlay	108	-	-	-
Total Department Budget	\$2,356,219	\$1,677,600	\$1,698,010	\$1,794,880

Staffing	Level	Budget 2007-08	Budget 2008-09	Budget 2009-10	Budget 2010-11
Streets Superintendent	24	1.0	1.0	1.0	1.0
Supervisor - Streets	11	1.0	1.0	1.0	1.0
Technician - Signs/Signals	11	2.0	2.0	2.0	2.0
Animal Control Officer	8	1.0	1.0	1.0	1.0
Senior Maintenance Worker	5	1.0	1.0	2.0	2.0
Maintenance - II	4	1.0	1.0	0.0	0.0
Total		7.0	7.0	7.0	7.0

Average Travel Time on Belt Line Road in FY2010 (Two Miles Traveled)



Belt Line Road is Addison's heaviest traveled thoroughfare handling an average of 51,300 cars per day. To evaluate the effectiveness of traffic signalization and intersection improvements, the Streets department measures the time it takes to travel between the Town's west and east boundaries. Peak time is during lunchtime hours when Addison's restaurants are busiest.

Parks

Department Mission

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

Program Narrative

Accomplishments of FY2010

- Completed design/plan review process for various Town projects including: the Vitruvian Park development and Vitruvian Way streetscape; Savoye landscaping; Spring Valley Road and Vitruvian Way intersection realignment streetscape; George H.W. Bush Elementary landscaping and interlocal agreement; Bush Elementary/Redding Trail Connection; Belt Line Road redevelopment landscaping; Addison Arbor Foundation Community Garden; Surveyor Road Elevated Storage Tank Water Demonstration Garden; and the Meridian Square development streetscape.
- Completed various park infrastructure repairs and landscape renovation projects that included: replacement of the Les Lacs Lake south waterfall deck with recycled material; installation of two new display fountains in Les Lacs Lake; replacement of deteriorating trail lights and installation of a drinking fountain in North Addison Park; replacement of the display fountain behind the Finance building; replacement of damaged vehicular/pedestrian bollards and failed pedestrian pavers in the Arts and Events District; replacement of deteriorating bollards and correction of a drainage problem in Celestial Park; and completion of enhancements of the Oaks North entry monument at Montfort Drive.
- Submitted applications for the Texas Parks and Wildlife Small Community Matching Grant relating to the Surveyor Road Elevated Water Storage Water Demonstration Garden and a recreation trail grant for the Redding Trail Extension.
- Completed the re-bidding process for Town-wide mowing that resulted in a 40 percent cost reduction and for outdoor lighting for parks, trails, and municipal building sites that resulted in a 30 percent reduction in cost for bulb and ballast replacement.

- Completed Town-wide tree and limb removal in neighborhoods and public spaces caused by the record snowfall event. Limbs were ground using a chipper and re-used as mulch in Town landscape areas.

Objectives for FY2011

- Complete bidding, construction, and implementation of maintenance programs for the following projects: Redding Trail Extension and the George H.W. Bush Elementary landscaping; Addison Arbor Foundation Community Garden; Vitruvian Park and Vitruvian Way streetscape; Spring Valley Road streetscape; Belt Line Road landscape and irrigation; and the Surveyor Road Elevated Storage Tank Water Demonstration Garden.
- Continue to pursue grant opportunities through the Texas Parks and Wildlife Outdoor Grant, Trails Grant, and Small Community Grant programs, as well as Dallas County and the North Central Texas Council of Governments (NCTCOG) programs.
- Utilize the America In Bloom "Package Your Community For Success" program as a gauge of the Town's progress on community tidiness, environmental efforts, community involvement, urban forestry, and overall beautification programs.

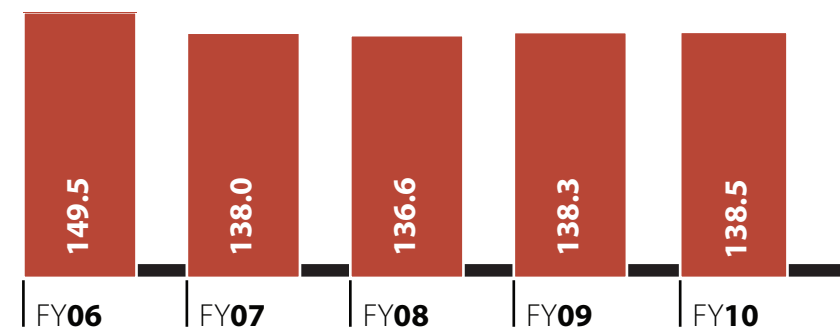
Notable Budget Items

- The following landscape maintenance items are included: seasonal color (\$63,000), Addison Circle park maintenance (\$83,000), and mowing contract (\$90,000).
- Water utility costs (\$300,000).
- Modified Level of Service: Vitruvian Park partial-year maintenance (\$14,900). The Vitruvian Park area includes a 12-acre park that, once fully completed, will require irrigation and maintenance.
- Modified Level of Service: Meridian Square streetscape (\$5,100). The Town is responsible for the maintenance of the street landscaping for this new development.

Expenditures	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Personal Services	\$1,174,733	\$1,228,050	\$1,219,790	\$1,302,480
Supplies	153,191	191,900	149,000	165,400
Maintenance	424,506	476,000	374,900	492,500
Contractual Services	823,597	626,100	556,800	542,800
Capital Replacement/Lease	49,982	5,000	3,870	32,300
Capital Outlay	51,545	-	-	-
Total Department Budget	\$2,677,554	\$2,527,050	\$2,304,360	\$2,535,480

Staffing	Level	Budget 2007-08	Budget 2008-09	Budget 2009-10	Budget 2010-11
Director - Parks and Recreation	31	1.0	1.0	1.0	1.0
Manager - Parks	26	1.0	1.0	1.0	1.0
Landscape Architect	26	0.0	1.0	0.0	0.0
Foreman - Parks	20	1.0	1.0	1.0	1.0
Supervisor - Parks	11	1.0	1.0	1.0	1.0
Irrigation Technician	10	3.0	3.0	3.0	3.0
Secretary - Administrative	9	1.0	1.0	1.0	1.0
Senior Groundskeeper	9	2.0	2.0	2.0	2.0
Groundskeeper - III	8	2.0	2.0	2.0	2.0
Groundskeeper - II	4	2.0	2.0	2.0	2.0
Groundskeeper - I	3	6.0	6.0	6.0	6.0
Total		20.0	21.0	20.0	20.0

Acres Maintained



Acres maintained decreased in FY07 as a result of the expiration of an agreement with the Trinity Christian Academy for the Town sharing and maintaining the school's athletic fields.

Recreation

Department Mission

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

Program Narrative

Accomplishments of FY2010

- Implemented the following community programs: Pumpkin Picking, Halloween Bash, Pacesetter Thanksgiving Dinner, Santa Pancake Breakfast, Bouncin' Saturday, Easter Eggstravaganza, Baseball Game Family Night, Hot Dog Nights, and Summer Luau. These programs have been well attended with an average increase in participation of 10 to 15 percent compared to prior year.
- Planned and implemented two Pacesetter overnight trips for Addison senior residents, including a trip to the Texas Hill Country.
- Coordinated the family entertainment for Oktoberfest and Taste Addison as well as the arts/crafts for the Holiday Open House.
- Offered new programs for children, seniors, and adults. These programs were well attended, and positive feedback was received from participants.
 - Children: Summer Luau, expanded swim lessons, art camp, Jumpbunch, Tiny Tyke Spanish Class, Kayaking Kids, expanded tennis program, Junior Cheerleading, cooking class, recycling, and study skills/tutoring.
 - Seniors: new day trips, balance training, Wii Wednesday, and card night.
 - Adult/Fitness: expanded tennis lessons, expanded spin bike classes, additional yoga classes, whirlyball, TRX suspension training, and boot camp.
- Replaced 10 LifeFitness treadmills and replaced the Cybex weight training circuit with a LifeFitness Signature Series circuit.

Objectives for FY2011

- Assess current recreation programs to ensure they are meeting Town goals. Offer new programs based on resident interests and requests. Review current marketing strategies to promote participation and discontinue programs that are not well attended.
- Replace the Energy Management System that was originally installed in 1997. This system controls the HVAC (heating ventilation air conditioning) system as well as the sauna and steam rooms. This system, in conjunction with a lighting retrofit, reduced energy usage by 25 percent.
- Continue to provide excellent customer service and customer service training for staff.
- Assess areas where work can be outsourced such as janitorial cleaning services and exercise equipment repairs.
- Plan and implement two new Pacesetter overnight trips based on member feedback.
- Assess the condition of the building, furniture, and exercise equipment for needed repairs and/or replacement.

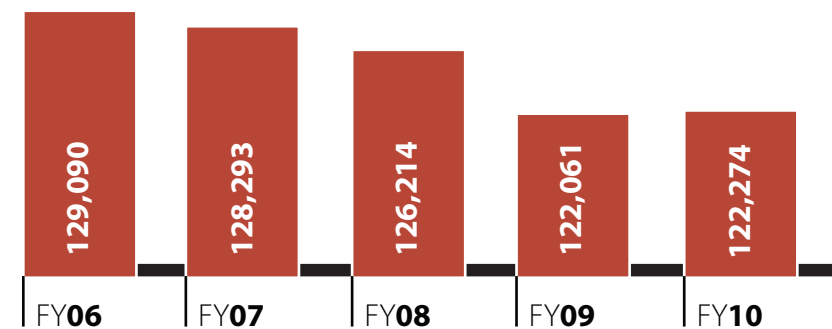
Notable Budget Items

- Building maintenance for the Addison Athletic Club (\$69,680).
- Utilities associated with the operation of the Addison Athletic Club (\$206,700).
- Rentals associated with activities (\$26,000).
- Instructor fees (\$52,180). These fees are recovered through charges to participants.
- Modified Level of Service: Energy Management System replacement (\$30,000).
- Modified Level of Service: Water utilities back-flow protection (\$10,000).
- Modified Level of Service: Delete proposal to contract night porter function (savings of \$25,000). The FY2011 budget includes an unfilled Custodian position. However, the department is still investigating contracting out that function in lieu of filling the position.

Expenditures	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Personal Services	\$786,859	\$808,810	\$796,600	\$833,840
Supplies	128,567	144,700	140,670	134,350
Maintenance	121,871	125,160	122,490	93,680
Contractual Services	303,067	320,020	310,320	322,190
Capital Replacement/Lease	37,360	-	-	68,600
Capital Outlay	-	-	-	30,000
Total Department Budget	\$1,377,724	\$1,398,690	\$1,370,080	\$1,482,660

Staffing	Level	Budget 2007-08	Budget 2008-09	Budget 2009-10	Budget 2010-11
Manager - Recreation	26	1.0	1.0	1.0	1.0
Supervisor - Recreation	11	1.0	1.0	1.0	1.0
Seasonal Pool Supervisor	9	0.2	0.2	0.2	0.2
Coodinator - Recreation	9	2.0	2.0	2.0	2.0
Coordinator - Fitness	9	1.0	1.0	1.0	1.0
Secretary - Division	7	1.0	1.0	1.0	1.0
Seasonal Senior Lifeguard	5	0.2	0.2	0.2	0.2
Custodian	2	2.0	2.0	2.0	2.0
Seasonal Lifeguard	2	1.6	1.6	1.6	1.6
Recreation Associate	5	4.0	4.0	4.0	4.0
Seasonal Camp Counselor	2	0.6	0.6	0.6	0.6
Porter	2	1.0	1.0	1.0	1.0
Total		15.6	15.6	15.6	15.6

Addison Athletic Club Facility Usage



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

KABOOM! Turns 25.

Named “among the Top 10 fireworks displays in the country” by the American Pyrotechnics Association.

Hotel Fund

Fund Description

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

Fund Narrative

Concluding Fiscal Year Performance

For the second consecutive year, the national economic recession has curtailed business travel resulting in significant declines to hotel occupancy tax. For the 2010 fiscal year, hotel occupancy tax is expected to decline 12.8 percent from the previous year and is \$800,000 less than budgeted. Occupancy tax did begin a recovery in the fiscal year's second quarter, but collections are not expected to significantly improve for at least a year. Fortunately, attendance at special events was up from last fiscal year, and, combined with increased attendance pricing during peak (evening) times and more sponsorship income, the Town's special events are expected to generate \$1,759,330, or 31.6 percent more than budgeted. Conference Centre rental estimates show no change in revenue from the previous year. Because of reduced income into the fund, operating expenditures were scaled back and are estimated to come in at \$6,534,060 or 15.6 percent less than budget. However, even with the reduction in expenditures, the Hotel Fund balance is projected to decline approximately \$1,381,000. Much of the decline is attributed to \$825,000 in non-recurring expenditures related to making ready the "Visit Addison" visitor and arts center located in the Village on the Parkway retail complex.

2010–2011 Budget Narrative

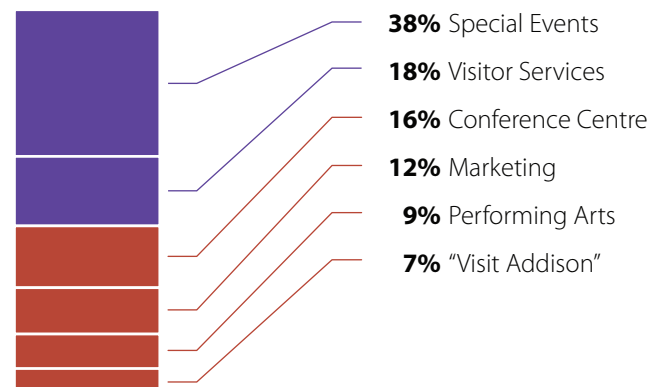
The Hotel Fund budget for FY2011 anticipates hotel occupancy tax collections will modestly increase \$100,000 over FY2010 estimates. Other revenues are not expected to change significantly, except for the addition of \$225,540 of rental income associated with the subleasing of space at the "Visit Addison" center, including base rent from the Metrocrest Chamber of Commerce and the Craft Guild.

Hotel Fund operating expenditures will be impacted by the operating and maintenance costs of "Visit Addison" that are projected to total \$619,810. Because the center has been divided into two spaces, one to house the Visitor Services department and Metrocrest Chamber of Commerce offices and another to house the Craft Guild and other open space, the center's operating expenses are budgeted in both the Visitor Services and "Visit Addison" departments. In addition, personnel costs in the fund will increase \$19,400 for an additional Receptionist position (0.5 FTE) related to the Visitor Services department relocating to the "Visit Addison" center.

Efforts will continue to trim the costs of conducting special events without impacting the quality of those events. A Senior Special Events Coordinator position that had become vacant during the 2010 fiscal year was deleted from the 2011 budget, yielding savings of approximately \$60,500. The Hotel Fund budget includes a transfer \$670,000 to the Hotel Debt Service Fund to retire the debt associated with Addison Circle Park, the venue for the Town's special events. The fund's long-term plan reflects fund balance to gradually decline through the 2015 fiscal year with a projected ending fund balance of \$650,070, which represents 10.2 percent of operating expenditures.¹ Barring a significant recovery in hotel occupancy tax, operating expenditures will have to be further curtailed to minimize the projected reduction in fund balance.

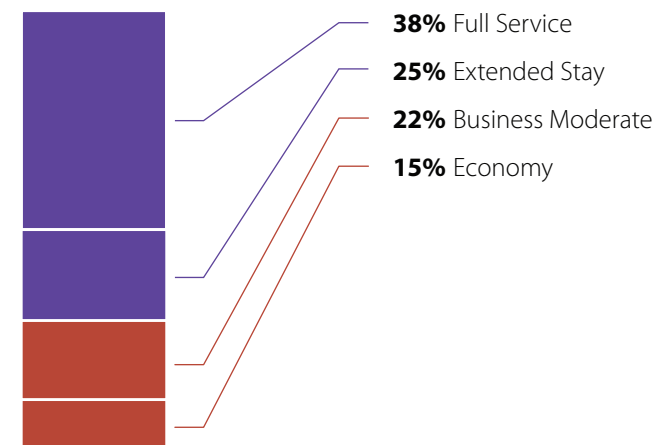
1. Please refer to the Hotel Fund long-term plan in Appendix E for more information on this topic.

Hotel Fund Expenditures by Department



	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Beginning Balance	\$5,715,693	\$4,981,010	\$4,643,100	\$3,261,770
Revenues				
Hotel/motel occupancy taxes	3,958,238	4,250,000	3,450,000	3,550,000
Proceeds from special events	1,296,052	1,337,000	1,759,930	1,680,500
Conference Centre rental	438,886	500,000	500,000	500,000
Other rental	79,939	70,000	76,880	303,540
Interest earnings and other	114,394	100,000	35,920	13,800
Total Revenues	5,887,509	6,257,000	5,822,730	6,047,840
Total Available Resources	11,603,202	11,238,010	10,465,830	9,309,610
Expenditures				
Visitor Services	831,098	881,940	848,120	1,098,570
"Visit Addison"	-	-	-	440,110
Marketing	971,113	805,460	836,400	731,460
Special Events	2,883,177	2,707,860	2,477,870	2,392,720
Conference Centre	973,467	1,453,370	983,570	1,028,370
Performing Arts	557,286	565,430	563,100	552,950
Capital projects	-	1,325,000	825,000	-
Total Expenditures	6,216,141	7,739,060	6,534,060	6,244,180
Other Financing Sources (Uses)				
Interfund transfer	(743,961)	(670,000)	(670,000)	(670,000)
Ending Fund Balance	\$4,643,100	\$2,828,950	\$3,261,770	\$2,395,430

Percentage of Rooms by Hotel Category



Visitor Services

Department Mission

To provide quality and innovative services to increase leisure and business travel to the Town of Addison.

Program Narrative

Accomplishments of FY2010

- Generated 47,750 room nights for Addison hotels, a 3 percent increase over FY2009.
- Represented Addison hotels at five trade shows to increase awareness of Addison as a meeting destination.
- Worked closely with the 2011 North Texas Super Bowl XLV Host Committee to ensure Addison gets a share of overnight business.
- Worked with area brokers to promote Addison office buildings.
- Worked to bring the Hilton Hotel regional office to Addison which will occupy 50,000 square feet of office space and worked to keep existing 50,000 square foot tenant United Surgical Partners.
- Developed e-mail marketing campaign to meeting planner database.
- Coordinated with consultants the development of the Addison Economic Development Strategic Plan.
- Completed negotiation of lease space for the "Visit Addison" visitor and arts center with the Metrocrest Chamber of Commerce.

Objectives for FY2011

- Generate 55,370 room nights for Addison hotels, a 16 percent increase over FY2010.
- Represent Addison hotels at five trade shows to increase awareness of Addison as a meeting destination.
- Coordinate development of the "Visit Addison" visitor and arts center.
- Create Economic Development Office.
- Continue Business Retention Program by contacting Addison CEOs.

- Create more robust economic development section on Town's website.
- Present exhibit at Dallas trade show of the North Texas Commercial Association of Realtors.
- Expand plans for attracting amateur sporting events to stay overnight in Addison hotels.
- Continue e-mail marketing campaign to meeting planner database.

Notable Budget Items

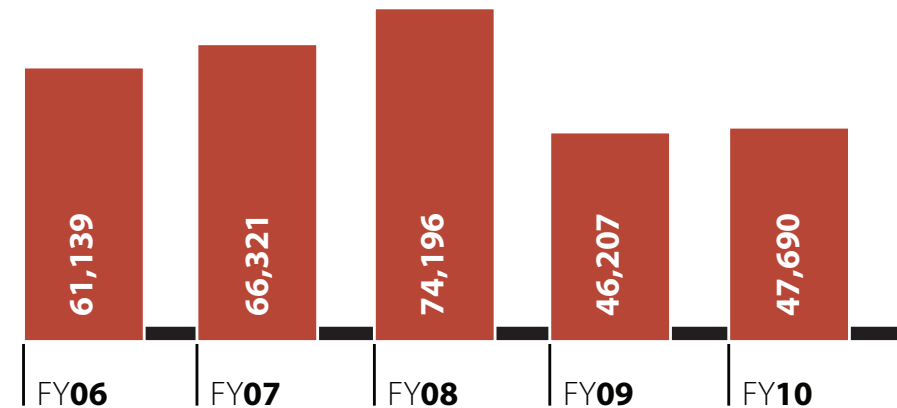
- Hotel support program (\$260,000).
- Professional services including hotel resources program (\$21,900), Super Bowl XLV (\$15,000), sports marketing limited service (\$25,000), and the Dallas Cup (\$8,200).
- Modified Level of Service: The relocation of the Visitor Services department from Town Hall to the new "Visit Addison" space at the Village on the Parkway retail center will generate additional expenditures for the department (\$179,700).
- Modified Level of Service: Additional department Receptionist related to the relocation of the Visitor Services department (\$19,400). This position was partially shared with the City Manager's Office when the department officed at Town Hall.

Expenditures	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Personal Services	\$351,841	\$343,830	\$302,260	\$381,810
Supplies	18,909	19,260	10,500	23,260
Maintenance	21,810	25,060	22,960	47,660
Contractual Services	434,318	493,790	512,400	642,540
Capital Replacement/Lease	4,220	-	-	3,300
Capital Outlay	-	-	-	-
Total Department Budget	\$831,098	\$881,940	\$848,120	\$1,098,570

Staffing	Level	Budget 2007-08	Budget 2008-09	Budget 2009-10	Budget 2010-11
Director - Visitor Services	31	1.0	1.0	1.0	1.0
Sales Manager	22	1.0	1.0	1.0	1.0
Receptionist*	6	0.5	0.5	0.5	1.0
Total		2.5	2.5	2.5	3.0

* In prior years, this position was partially reflected in the City Manager's Office.

Hotel Room Nights Generated by the Visitor Services Department



“Visit Addison”

Department Mission

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

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

Program Narrative

Accomplishments of FY2010

- This is a new department that will begin operations in February 2011.

Objectives for FY2011

- Complete renovation of the lease space by January 31, 2011 to accommodate the Craft Guild.
- Develop a marketing plan to introduce the center to the Dallas/Fort Worth region.
- Develop an operations plan that will make optimal use of the space.

Notable Budget Items

- The department was established to account for expenditures related to the new “Visit Addison” center at the Village on the Parkway retail center, specifically for the large space which will house the Craft Guild and other open spaces (\$440,110). Expenditures for the small space, which houses the Visitor Services department, are included in that department’s budget.

Expenditures	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Personal Services	\$-	\$-	\$-	\$-
Supplies	-	-	-	16,000
Maintenance	-	-	-	58,000
Contractual Services	-	-	-	366,110
Capital Replacement/Lease	-	-	-	-
Capital Outlay	-	-	-	-
Total Department Budget	\$-	\$-	\$-	\$440,110

Marketing

Department Mission

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

Program Narrative

Accomplishments of FY2010

- Participated in an Information Technology department led analysis of social media and how marketing, public relations, advertising and media relations can be integrated in a new policy for the Town.
- Conducted a review of the Town's current branding/logo efforts resulting in a decision to keep the current Town script logo and add the tagline "We're Glad You're Here!" to collateral pieces.
- Continued marketing efforts to showcase Addison, including restaurants, hotels and events.

Objectives for FY2011

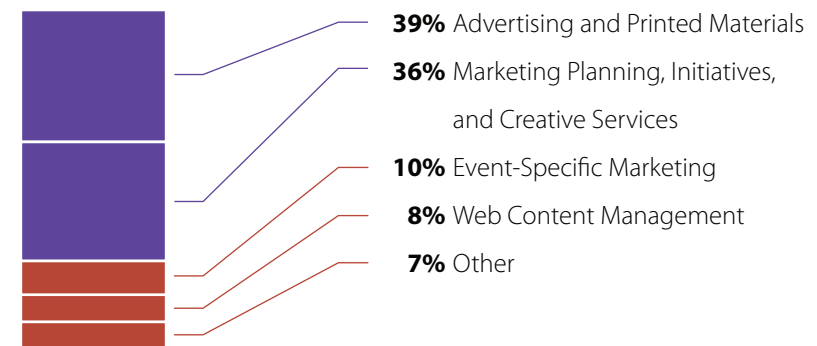
- Analyze, retool, rebrand and reintroduce an expanded Addison Perks customer loyalty program.
- Develop a comprehensive Strategic Marketing Plan.
- Implement a Social Media Plan in coordination with the Information Technology department.
- Migrate from a weekly City Manager e-newsletter to a City Manager blog as a more effective means of public communication.
- Effectively position and promote Addison as a destination for Super Bowl XLV visitors.
- Continue to monitor and refine both Addison websites to ensure they remain current and informative.

Notable Budget Items

- Strategic Marketing Plan and other marketing initiatives (\$130,000).
- Addison/North Dallas Corridor Guide (\$111,750).
- Marketing for special events (\$71,000).
- Krause & Associates contract for providing creative services and marketing consulting for the Town (\$70,000).
- Ariamedia/web content management contracts for providing web maintenance/design services and content management (\$62,000).
- Shiroma Southwest contract for providing marketing and public relations services for all special events and Addison Perks (\$60,000).
- Dallas Morning News/online advertising (\$40,000).

Expenditures	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Personal Services	\$-	\$210	\$210	\$210
Supplies	-	500	500	500
Maintenance	-	-	-	-
Contractual Services	971,113	804,750	835,690	730,750
Capital Replacement/Lease	-	-	-	-
Capital Outlay	-	-	-	-
Total Department Budget	\$971,113	\$805,460	\$836,400	\$731,460

Marketing Expenditures by Category



Special Events

Department Mission

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

Program Narrative

Accomplishments of FY2010

- Hosted a series of special events on 22 weekends featuring expanded promotions.
- Generated \$1,586,000 in revenue, a nearly 20 percent increase over the original budget.
- Hosted second annual WorldFest event that attracted nearly 13,000 people (32 percent increase over 2008) and represented the Town as a community that celebrates global diversity.
- Booked 1,954 room nights and realized a 109 percent increase for Taste Addison 2010.
- Retained market share for existing events with an estimated attendance of 592,000 people.
- Added new promotions that attracted more families and media coverage, including the following:
 - Taste Addison – Taste: The Competition and a Salsa Competition.
 - Kaboom Town – 25th Anniversary promotions, including Silver for Service benefiting the United Service Organizations (USO).
- Worked with the Human Resources department and World Affairs Council to expand the role of volunteers in events resulting in approximately 1,635 man hours at a value of \$16,350, a 27 percent increase over prior year.
- Worked with the Information Technology department to enhance the wireless capabilities at Addison Circle Park and implement online ticket sales for events as well as online special guest invitations.

Objectives for FY2011

- Produce a maximum of five large festivals with a series of smaller events that keep Addison a popular tourist destination. Retain market share for the existing events with increased competition from neighboring city events on the same weekend dates.
- Continue to build WorldFest to be a signature event for the Town by expanding partnerships and relocating it to Village on the Parkway.
- Implement a promotional plan to celebrate Super Bowl XLV and increase tourism to Addison.
- Develop a strategic plan for the implementation of special events in the Vitruvian Park area.
- Work with the Visitor Services department to develop programs that increase tourism and weekend hotel room bookings.
- Work with the Human Resources department to expand the use of volunteers at the events.
- Work with the Information Technology department to bring technology to events that will enhance the experience of the patrons, as well as integrate the use of social media to implement and market events.
- Increase the use of online ticket sales.
- Expand sustainability efforts at events.

Notable Budget Items

- Events including Taste Addison (\$573,030), Oktoberfest (\$538,880), Kaboom Town (\$240,920), WorldFest (\$200,110), and Summer Series (\$44,560).
- Event related costs including overtime are \$200,000 less than FY2010.
- Maintenance of Addison Circle Park (\$229,780).
- Modified Level of Service: Elimination of Senior Special Events Coordinator position (a savings of \$60,500).

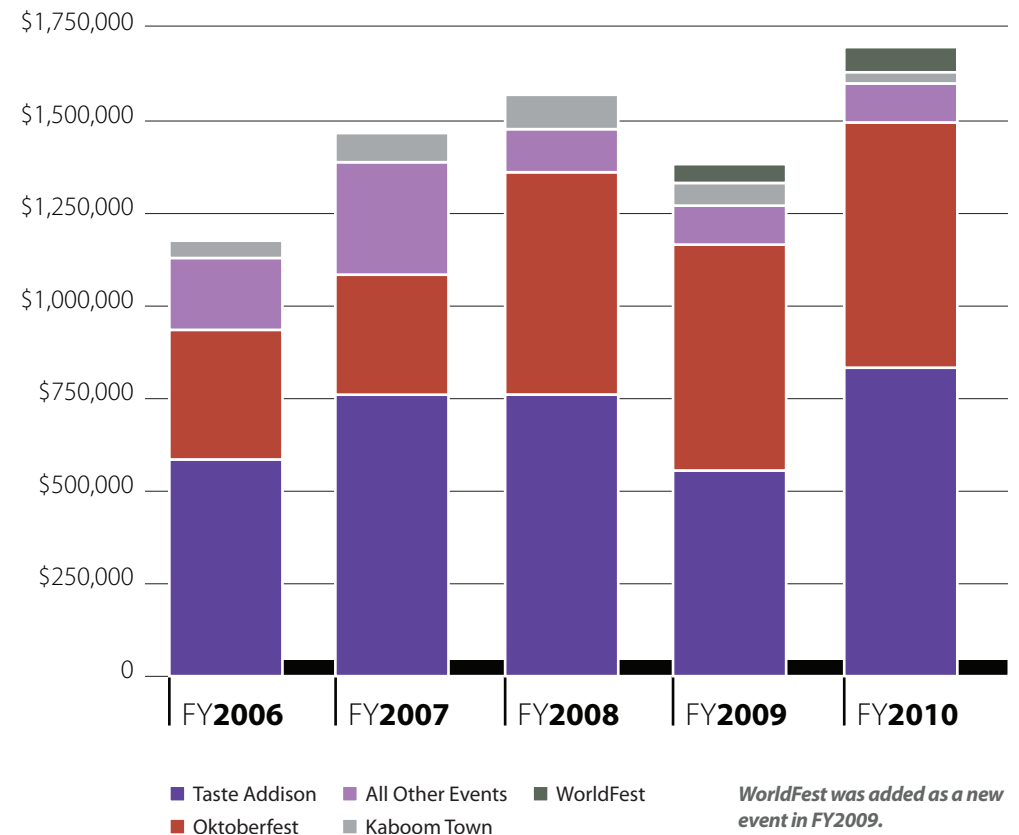
Expenditures	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Personal Services	\$739,057	\$773,240	\$620,040	\$626,160
Supplies	22,393	14,600	12,700	12,700
Maintenance	213,387	214,240	211,460	170,740
Contractual Services	1,866,710	1,705,780	1,633,670	1,549,020
Capital Replacement/Lease	41,630	-	-	34,100
Capital Outlay	-	-	-	-
Total Department Budget	\$2,883,177	\$2,707,860	\$2,477,870	\$2,392,720

Staffing	Level	Budget 2007-08	Budget 2008-09	Budget 2009-10	Budget 2010-11
Director - Special Events*	31	0.0	0.0	0.0	1.0
Administrator - Special Events	28	1.0	1.0	1.0	0.0
Senior Coordinator - Special Events**	13	1.0	1.0	1.0	0.0
Coordinator - Special Events	11	2.0	2.0	2.0	2.0
Total		4.0	4.0	4.0	3.0

*The Administrator position was reclassified to a Director position in mid-FY10.

**This position was eliminated in FY11.

Proceeds by Event



Conference Centre

Department Mission

To increase hotel room bookings by providing additional meeting facilities.

Program Narrative

Accomplishments of FY2010

- Generated 1,000 hotel room nights at Addison hotels.
- Hosted 650 events.
- Rented 1,510,400 square feet of space.
- Hosted 50,000 event attendees.
- Updated rental audio/visual equipment.
- Improved operation of directional signage.

Objectives for FY2011

- Increase events hosted by 4 percent.
- Generate an increase in revenue by 6 percent.
- Increase Addison hotel room nights by 2 percent.
- Develop a web page to promote Addison businesses that are related to the meetings, wedding, and event industry.
- Maintain the facilities and equipment in an attractive, safe, updated manner to enhance the client's experience.
- Develop a website to inform, encourage, and increase the number of commercial and feature films in Addison.

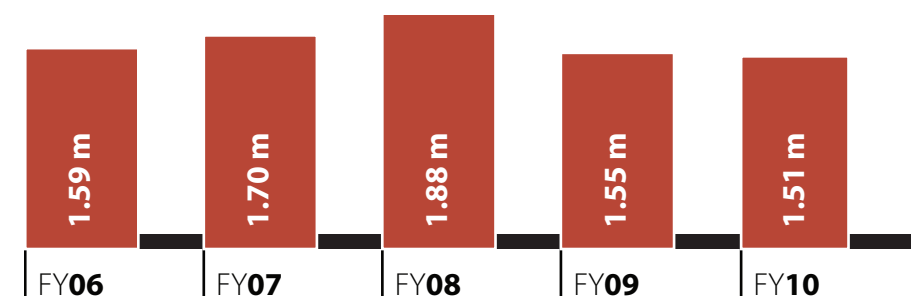
Notable Budget Items

- Building maintenance costs (\$130,000).
- Utilities (\$146,340).
- Modified Level of Service: Water utilities back-flow protection (\$15,000).

Expenditures	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Personal Services	\$484,616	\$499,420	\$502,910	\$512,630
Supplies	48,059	74,900	69,940	73,550
Maintenance	200,677	162,450	189,320	202,000
Contractual Services	222,196	276,600	221,400	222,990
Capital Replacement/Lease	9,920	-	-	17,200
Capital Outlay	7,999	440,000	-	-
Total Department Budget	\$973,467	\$1,453,370	\$983,570	\$1,028,370

Staffing	Level	Budget 2007-08	Budget 2008-09	Budget 2009-10	Budget 2010-11
Manager - Conference Centre	26	1.0	1.0	1.0	1.0
Coordinator - Technical	13	1.0	1.0	1.0	1.0
Coordinator - Conference Centre	11	1.0	1.0	1.0	1.0
Secretary - Division	7	1.0	1.0	1.0	1.0
Houseman	4	3.5	3.5	3.5	3.5
Total		7.5	7.5	7.5	7.5

Square Footage Rented (in millions)



Performing Arts

Department Mission

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

Program Narrative

Accomplishments of FY2010

- WaterTower Theatre - Resident Company
 - Hosted 27,962 patrons.
 - Hosted 169 performances.
 - Subscriber base of 2,148 season ticket holders.
- Second Thought Theatre - Resident Company
 - Hosted 1,500 patrons.
 - Hosted 38 performances.
 - Subscriber base of 61 season ticket holders.

Objectives for FY2011

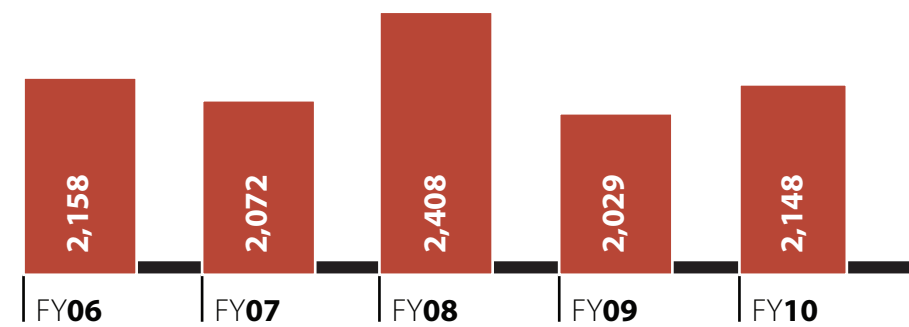
- WaterTower Theatre - Resident Company
 - Host 35,000 patrons.
 - Host 175 performances.
 - Subscriber base of 2,250 season ticket holders.
 - Plans to produce the following performances:
 - Our Town
 - The Lieutenant of Inishmore
 - The Traveling Lady
 - Shooting Star
 - Little Shop of Horrors
- Second Thought Theatre - Resident Company
 - Host 1,500 patrons.
 - Host 39 performances.
 - Subscriber base of 75 season ticket holders.

Notable Budget Items

- Tools and equipment (\$25,000).
- Building maintenance costs (\$38,000).
- Performing arts group funding:
 - WaterTower Theatre (\$390,000).
 - Richardson Symphony Orchestra (\$30,000).
 - Second Thought Theatre (\$15,000).
 - Dance Council (\$7,000).

Expenditures	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Personal Services	\$14,836	\$15,070	\$16,620	\$16,820
Supplies	25,669	25,700	40,200	25,500
Maintenance	63,973	60,400	60,070	60,200
Contractual Services	430,356	449,260	446,210	447,630
Capital Replacement/Lease	5,030	-	-	2,800
Capital Outlay	17,422	15,000	-	-
Total Department Budget	\$557,286	\$565,430	\$563,100	\$552,950

Number of WaterTower Theatre Season Ticket Holders



Economic Development Fund

Fund Description

The Economic Development Fund was established in the 2011 fiscal year budget to accumulate resources to support efforts to attract commercial enterprises to Addison and encourage existing businesses to remain in Addison.

Fund Narrative

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

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

2010–2011 Budget

The Town's economic development strategy is comprised of three phases. The first phase was to create the Economic Development Fund that will support economic development activities. During the course of the 2011 fiscal year, the Town will be pursuing the second and third phases of the strategy. The second phase is the hiring of a director and supporting staff to administer the Town's economic development program. The third phase is developing a comprehensive plan that will attract and retain commercial and retail businesses in Addison.

The fund was created with a \$700,000 transfer from the General Fund. Continued funding in future years is also projected to come from the General Fund.² Although the fund anticipates the hiring of staff, including an Economic Development Director, to support the economic development function, the fund statement currently reflects all resources being dedicated to professional services. Once the economic development strategic plan is fully implemented, budget amendments will be needed to recognize the reallocation of resources.

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

2. For information related to the General Fund long-term plan, please refer to Appendix E of this document.

	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Beginning Balance	\$-	\$-	\$-	\$-
Revenues				
Interest earnings and other	-	-	-	-
Total Revenues	-	-	-	-
Total Available Resources	-	-	-	-
Expenditures				
Contractual services	-	-	-	700,000
Total Expenditures	-	-	-	700,000
Other Financing Sources (Uses)				
Interfund transfer	-	-	-	700,000
Ending Fund Balance	\$-	\$-	\$-	\$-

Grant Funds

Fund Description

Three special revenue funds were established during fiscal year 2010 to account for monies received from private and governmental agencies. Expenditures of these grant monies are also recorded in the grant funds. The Advanced Funding Grant Fund is utilized for grant monies that are received prior to the related expenditure. This fund may carry a balance from year to year if the Town does not expend the monies within the fiscal year. The Reimbursement Grant Fund will track expenditures for which the Town expects to be reimbursed. The Town will record a receivable for any reimbursements not received prior to the fiscal year end. The American Recovery and Reinvestment Act (ARRA) Grant Fund was established to track receipts and expenditures of ARRA grant monies. The Act requires that agencies separate ARRA funds from other funds.

Fund Narratives

Advanced Funding Grant Fund

Revenue recorded in fiscal year 2010 relates to the Law Enforcement Officer Standards and Education (LEOSE) police allocation. These funds must be used for continuing education or officer training. The budget for fiscal year 2011 reflects \$1.6 million in funding for park construction in the Vitruvian Park development and \$900,000 for construction at Spring Valley Road related to the new George H.W. Bush elementary school.

Advanced Funding Grant Fund Statement of Revenues and Expenditures

	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Beginning Balance	\$-	\$-	\$-	\$15,300
Revenues				
Intergovernmental	-	-	15,280	2,500,000
Interest earnings and other	-	-	20	70
Total Revenues	-	-	15,300	2,500,070
Total Available Resources	-	-	15,300	2,515,370
Expenditures				
Contractual services	-	-	-	160,000
Construction and equipment	-	-	-	2,340,000
Total Expenditures	-	-	-	2,500,000
Ending Fund Balance	\$-	\$-	\$15,300	\$15,370

Reimbursement Grant Fund

Fiscal year 2010 reimbursement grants included funding for the TxDOT signalization project (\$985,000), the Vitruvian Park development (\$500,000), and miscellaneous public safety grants. The fiscal year 2011 budget includes the Selective Traffic Enforcement Program (STEP) grant (\$20,000) and reimbursement for energy improvements at the Addison Athletic Club (\$50,000).

American Recovery and Reinvestment Act (ARRA) Grant Fund

The grants received during fiscal year 2010 include the Community Oriented Policing Services (COPS) grant (\$106,000) and two grants under the Justice Assistance Grant (JAG) Program (\$58,000). The budget for fiscal year 2011 includes the COPS grant.

Reimbursement Grant Fund Statement of Revenues and Expenditures

	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Beginning Balance	\$-	\$-	\$-	\$-
Revenues				
Intergovernmental	-	-	1,527,330	70,000
Interest earnings and other	-	-	-	-
Total Revenues	-	-	1,527,330	70,000
Total Available Resources	-	-	1,527,330	70,000
Expenditures				
Personal services	-	-	23,330	19,200
Supplies	-	-	1,250	800
Contractual services	-	-	8,270	50,000
Construction and equipment	-	-	1,296,030	-
Total Expenditures	-	-	1,328,880	70,000
Other Financing Sources (Uses)				
Interfund transfer	-	-	(198,450)	-
Ending Fund Balance	\$-	\$-	\$-	\$-

ARRA Grant Fund Statement of Revenues and Expenditures

	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Beginning Balance	\$-	\$-	\$-	\$-
Revenues				
Intergovernmental	-	-	163,620	140,000
Interest earnings and other	-	-	-	-
Total Revenues	-	-	163,620	140,000
Total Available Resources	-	-	163,620	140,000
Expenditures				
Personal services	-	-	105,900	140,000
Supplies	-	-	22,630	-
Construction and equipment	-	-	35,090	-
Total Expenditures	-	-	163,620	140,000
Ending Fund Balance	\$-	\$-	\$-	\$-

Other Special Revenue Funds

Public Safety Fund

Fund Description

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

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

Fund Narrative

Due to reduced resources, no expenditures of forfeited funds were budgeted for the 2010 fiscal year. However, the fund saw revenue increases in FY2010 from forfeiture funds which contributed to a higher estimated fund balance for FY2011. For the 2011 fiscal year, the budget includes nine Viewu lap cameras (\$7,155), a drug incinerator (\$4,500), and Cellbrite cell phone examination software (\$8,125).

Municipal Court Fund

Fund Description

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

Fund Narrative

For FY2011, the budget anticipates that funds generated by the building security fee will pay part-time bailiff costs (\$22,000). Funds generated by the court technology fee will be used for courtroom security (\$20,000) and courtroom cameras (\$12,000). Technology fees will also be used for various court software and payment portal upgrades (\$28,900).

Public Safety Fund Statement of Revenues and Expenditures

	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Beginning Balance	\$46,670	\$12,750	\$16,570	\$33,790
Revenues				
Court awards	10,022	3,000	17,100	10,000
Interest earnings and other	1,022	750	120	200
Total Revenues	11,044	3,750	17,220	10,200
Total Available Resource	57,714	16,500	33,790	43,990
Expenditures				
Supplies	41,141	-	-	21,970
Total Expenditures	41,141	-	-	21,970
Ending Fund Balance	\$16,573	\$16,500	\$33,790	\$22,020

Municipal Court Fund Statement of Revenues and Expenditures

	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Beginning Balance	\$187,778	\$219,280	\$217,280	\$188,360
Revenues				
Court security fees	26,722	22,000	22,000	22,000
Court technology fees	32,423	30,000	30,000	30,000
Interest earnings and other	12,934	10,000	5,280	4,000
Total Revenues	72,079	62,000	57,280	56,000
Total Available Resources	259,857	281,280	274,560	244,360
Expenditures				
Personal services	9,000	21,000	10,100	21,000
Supplies	-	4,000	5,100	-
Maintenance	-	-	70,000	60,900
Contractual services	-	3,000	1,000	3,000
Capital outlay	33,573	90,000	-	-
Total Expenditures	42,573	118,000	86,200	84,900
Ending Fund Balance	\$217,284	\$163,280	\$188,360	\$159,460

Arbor Fund**Fund Description**

The Arbor Fund is used to account for transactions related to the Addison Arbor Foundation (AAF), a Texas non-profit corporation organized to fund public beautification projects to enhance the urban forest through donations and gifts from the public, as well as recycling revenue recovered from Addison business and residents.

Fund Narrative

The AAF separated from the Town's administration in fiscal year 2009 into its own non-profit entity and received the balance of funds maintained by the Town in the Arbor Fund. The AAF elected a new board of directors and operates the same as other non-profit organizations who receive funding from the Town. Each year the AAF Committee will submit a beautification project and budget for the Council's review and approval. The funding sources for the AAF will continue to be through donations and General Fund resources.

Arbor Fund Statement of Revenues and Expenditures

	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Beginning Balance	\$182,657	\$ -	\$ -	\$ -
Revenues				
Recycling proceeds	18,570	-	-	-
Contributions	7,799	-	-	-
Interest earnings and other	4,436	-	-	-
Total Revenues	30,805	-	-	-
Total Available Resources	213,462	-	-	-
Expenditures				
Maintenance and materials	16,273	-	-	-
Contractual services	500	-	-	-
Total Expenditures	16,773	-	-	-
Other Financing Sources (Uses)				
Interfund transfer	(196,689)	-	-	-
Ending Fund Balance	\$-	\$ -	\$ -	\$ -

Debt Service Funds

General Obligation Debt Service Fund

Fund Description

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

Fund Narrative

The Town issued no debt during the 2010 fiscal year. Shown below is the Town's debt position as of the beginning of FY2011.

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

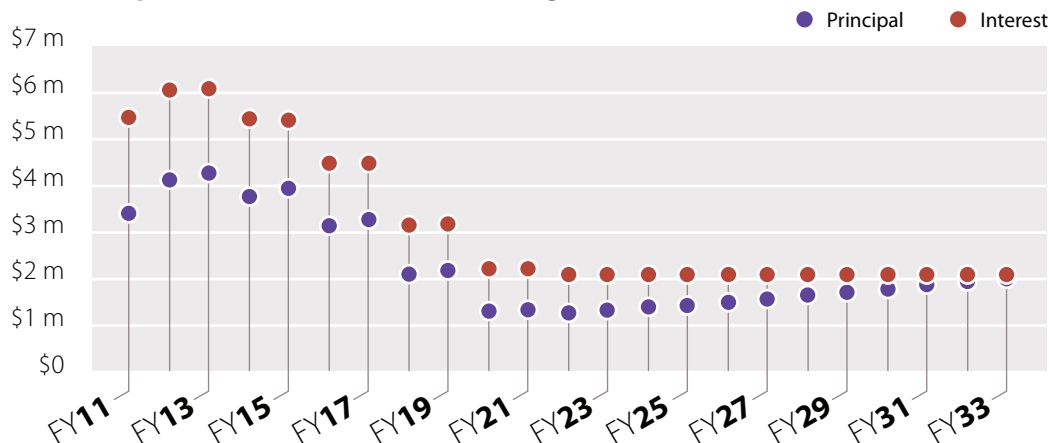
support capital projects.¹ In those instances when debt has to be issued for projects which cannot be delayed, a second policy stipulates that debt will not be issued for any period longer than 15 years, except under special circumstances, in order to rapidly retire outstanding debt.

The Town's legal capacity for additional debt is very large. Rules promulgated by the Office of the Attorney General of Texas stipulate that such Office will not approve tax bonds of any city unless the city can demonstrate its ability to pay debt service requirements on all outstanding tax debt, including the issue to be approved, from a tax level of \$1.50 per \$100 of valuation, based on 90 percent collection of the tax. Assuming the maximum tax rate for debt service of \$1.50 on the 2010 taxable assessed valuation of \$3,058,773,720 at 90 percent collection, tax revenue of \$41,293,000 would be produced. This revenue could service the debt of almost \$429 million issued as 5 percent 15-year serial bonds, which is more than \$355 million greater than the Town's outstanding obligations.

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

Total outstanding general obligation debt	\$73,120,000
Less self-supporting debt from Hotel, Airport, and Utility Funds	22,282,620
Net Outstanding General Obligation Debt	\$50,837,380

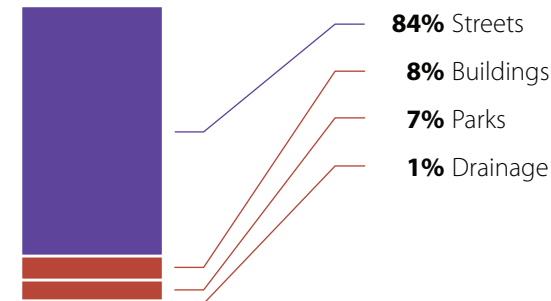
Annual Requirements to Amortize General Obligation Debt (in millions)



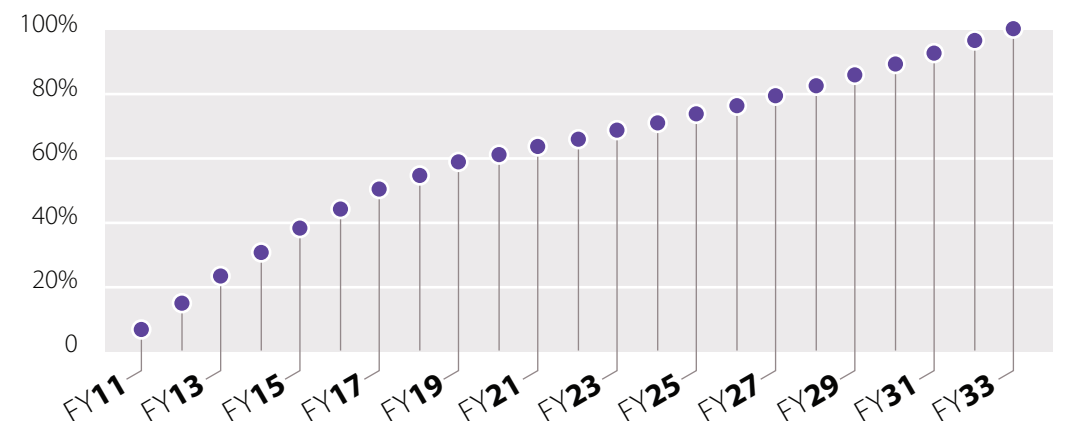
General Obligation Debt Service Fund Statement of Revenues and Expenditures

	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Beginning Balance	\$1,360,440	\$997,340	\$1,082,060	\$1,148,650
Revenues				
Ad valorem taxes	5,884,567	5,098,670	5,150,000	5,436,610
Interest earnings and other	48,398	60,000	15,000	20,000
Total Revenues	5,932,965	5,158,670	5,165,000	5,456,610
Total Available Resources	7,293,405	6,156,010	6,247,060	6,605,260
Expenditures				
Debt service - principal	3,600,100	3,853,940	3,834,520	3,318,610
Debt service - interest	2,597,299	2,253,000	2,250,660	2,111,840
Fiscal fees	13,945	3,000	13,230	13,300
Total Expenditures	6,211,344	6,109,940	6,098,410	5,443,750
Other Financing Sources (Uses)				
Interfund transfer		- 1,000,000	1,000,000	-
Ending Fund Balance	\$1,082,061	\$1,046,070	\$1,148,650	\$1,161,510

Distribution of Debt Service by Application



Percent Cumulative Debt Retired Until Maturity



Hotel Occupancy Tax Debt Service Fund

Fund Description

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

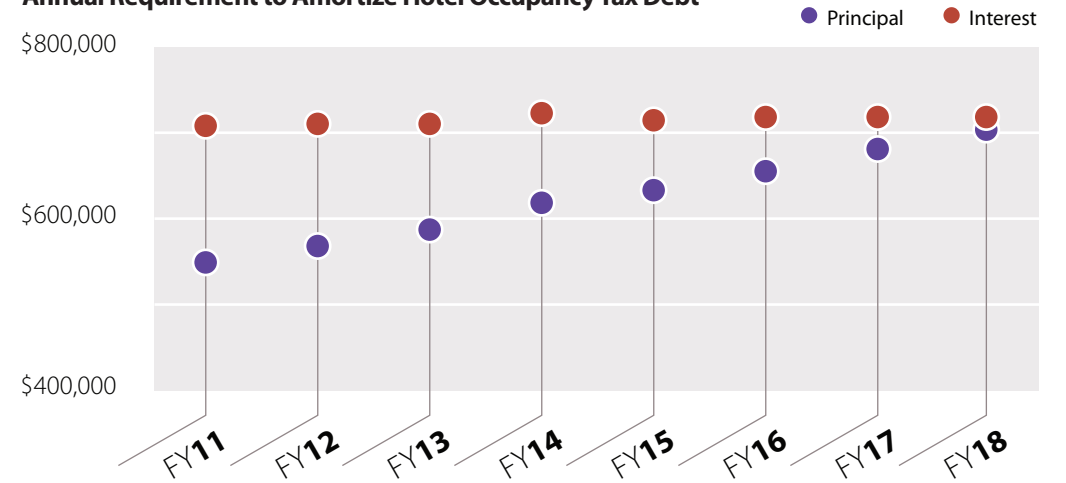
Fund Narrative

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

Hotel Occupancy Tax Debt Service Fund Statement of Revenues and Expenditures

	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Beginning Balance	\$890,310	\$896,310	\$902,580	\$866,940
Revenues				
Interest earnings and other	24,555	20,000	10,700	12,000
Total Revenues	24,555	20,000	10,700	12,000
Total Available Resources	914,865	916,310	913,280	878,940
Expenditures				
Debt service - principal	515,000	535,000	535,000	555,000
Debt service - interest	197,088	181,040	181,040	164,690
Fiscal fees	-	-	300	300
Total Expenditures	712,088	716,040	716,340	719,990
Other Financing Sources (Uses)				
Interfund transfer	699,800	670,000	670,000	670,000
Ending Fund Balance	\$902,577	\$870,270	\$866,940	\$828,950

Annual Requirement to Amortize Hotel Occupancy Tax Debt



Capital Project Funds

Fund Description

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

Fund Narratives

Street Capital Project Fund

For fiscal year 2010, expenses for the fund included joint and crack sealing of miscellaneous streets (\$87,000), miscellaneous pavement repairs and paver replacements (\$71,000), and painting the Arapaho Road Bridge (\$45,000).

The budget for fiscal year 2011 reflects \$300,000 for railroad improvements and quiet zones, \$258,000 for the development of streets related to the Ashton Woods development, and a \$212,000 local match for Dallas County and NTTA funding for the Addison Road/Keller Springs Road intersection improvements totaling \$1.2 million. Finally, \$237,000 worth of street and lighting projects budgeted in fiscal year 2010 were delayed to fiscal year 2011. These projects include replacement of aging street lights along Quorum Drive and in the Oaks North Neighborhood and repairs to Midway Road.

Parks Capital Project Fund

Fiscal year 2010 expenses for the fund included design fees for the Redding Trail Extension and the Surveyor Elevated Water Storage Demonstration Garden (\$104,000), replacing pedestrian light poles along the North Addison Park Trail (\$16,000), and landscaping costs related to Spruill Park and Redding Park (\$14,000). Funds are projected to be depleted by the end of fiscal year 2011 for design fees and construction costs related to the Redding Trail Extension.

Street Capital Project Fund Statement of Revenues and Expenditures

	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Beginning Balance	\$2,758,542	\$1,344,520	\$1,329,880	\$1,276,320
Revenues				
Intergovernmental	156,129	985,130	-	-
Interest earnings and other	54,151	50,000	11,170	9,100
Total Revenues	210,280	1,035,130	11,170	9,100
Total Available Resources	2,968,822	2,379,650	1,341,050	1,285,420
Expenditures				
Engineering and contractual services	139,205	22,000	22,000	-
Construction and equipment	1,499,738	1,548,800	228,050	1,007,440
Total Expenditures	1,638,943	1,570,800	250,050	1,007,440
Other Financing Sources (Uses)				
Interfund transfer	-	-	185,320	-
Ending Fund Balance	\$1,329,879	\$808,850	\$1,276,320	\$277,980

Parks Capital Project Fund Statement of Revenues and Expenditures

	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Beginning Balance	\$896,193	\$406,660	\$397,100	\$267,140
Revenues				
Interest earnings and other	18,157	10,000	4,280	3,070
Total Revenues	18,157	10,000	4,280	3,070
Total Available Resources	914,350	416,660	401,380	270,210
Expenditures				
Personal services	4,238	-	-	-
Engineering and contractual services	9,787	85,100	134,240	9,700
Construction and equipment	503,225	-	-	260,510
Total Expenditures	517,250	85,100	134,240	270,210
Ending Fund Balance	\$397,100	\$331,560	\$267,140	\$-

2002 Capital Project Fund

During the 2010 fiscal year, funds were spent on the design and construction of the Belt Line Streetscape project. For FY2011, \$500,000 has been allocated for the next phase of improvements along Belt Line Road.

2002 Capital Project Fund Statement of Revenues and Expenditures

	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Beginning Balance	\$1,976,671	\$1,808,360	\$1,733,260	\$1,501,480
Revenues				
Interest earnings and other	44,407	35,000	18,220	14,390
Total Revenues	44,407	35,000	18,220	14,390
Total Available Resources	2,021,078	1,843,360	1,751,480	1,515,870
Expenditures				
Engineering and contractual services	244,585	100,000	200,000	100,000
Construction and equipment	43,236	400,000	50,000	400,000
Total Expenditures	287,821	500,000	250,000	500,000
Ending Fund Balance	\$1,733,257	\$1,343,360	\$1,501,480	\$1,015,870

2004 Capital Project Fund

Funds were reserved in fiscal year 2010 for various railroad crossings along the Cotton Belt railroad line. This project has been suspended, and therefore no amounts are allocated for projects in fiscal year 2011.

2004 Capital Project Fund Statement of Revenues and Expenditures

	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Beginning Balance	\$424,306	\$333,690	\$434,360	\$438,990
Revenues				
Interest earnings and other	10,055	7,500	4,630	5,050
Total Revenues	10,055	7,500	4,630	5,050
Total Available Resources	434,361	341,190	438,990	444,040
Expenditures				
Construction and equipment	-	100,000	-	-
Total Expenditures	-	100,000	-	-
Ending Fund Balance	\$434,361	\$241,190	\$438,990	\$444,040

2006 Capital Project Fund

Funds were reserved in fiscal year 2010 for lighting projects in Midway Meadows and along Proton Drive. These projects were delayed, and funds were reallocated into fiscal year 2011.

2006 Capital Project Fund Statement of Revenues and Expenditures

	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Beginning Balance	\$341,271	\$348,680	\$349,250	\$352,980
Revenues				
Interest earnings and other	7,976	5,000	3,730	4,060
Total Revenues	7,976	5,000	3,730	4,060
Total Available Resources	349,247	353,680	352,980	357,040
Expenditures				
Engineering and contractual services	-	180,000	-	180,000
Total Expenditures	-	180,000	-	180,000
Ending Fund Balance	\$349,247	\$173,680	\$352,980	\$177,040

2008 Capital Project Fund

For fiscal year 2010, expenses were primarily related to professional services and construction related to the Vitruvian Park development. Approximately \$1 million was spent on right-of-way acquisition and construction at Spring Valley Road and Vitruvian Way. The budget for fiscal year 2011 anticipates \$11.5 million to be spent on construction of the Vitruvian Park development, and \$600,000 is reserved for the Spring Valley Road and Vitruvian Way intersection.

2008 Capital Project Fund Statement of Revenues and Expenditures

	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Beginning Balance	\$27,094,160	\$25,004,330	\$24,949,210	\$19,844,330
Revenues				
Interest earnings and other	624,153	450,000	598,440	210,420
Developer contributions	-	-	1,796,680	-
Total Revenues	624,153	450,000	2,395,120	210,420
Total Available Resources	27,718,313	25,454,330	27,344,330	20,054,750
Expenditures				
Personal services	87	-	-	-
Engineering and contractual services	1,197,526	-	1,741,700	-
Construction and equipment	1,571,492	19,500,000	5,758,300	12,100,000
Total Expenditures	2,769,105	19,500,000	7,500,000	12,100,000
Ending Fund Balance	\$24,949,208	\$5,954,330	\$19,844,330	\$7,954,750

Take 'er for a spin.

You can't really appreciate Addison's events until you get behind the wheel.

Airport Fund

Fund Description

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

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

Fund Narrative

The Town of Addison has contracted with a private operator for operation and maintenance of the airport. From January 2000 through September 2010, the agreement was with Washington Staubach Addison Airport Venture (WSAAV). However, during the 2010 fiscal year the Town negotiated a new operating arrangement. Beginning in October 2010, the Town will contract with two separate companies for the operation of the airport. The Town has contracted with URS Engineering & Construction (URS) to perform all functions directly associated with the operation and maintenance of the airport and related facilities. URS is also responsible for developing, in coordination with the Town, a capital improvement program and obtaining capital grant funding from FAA and TxDOT. All real estate functions, including rental of Town facilities and the management of ground leases, have been contracted to SAMI Management, Inc. (SAMI). SAMI will also be responsible for the billing and collection of all revenue related to rentals, leases, fuel flowage fees, and miscellaneous income.

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

For the 2010 fiscal year, operating revenue is projected to total \$4,104,800, which is slightly above budget and 2.3 percent more than received the previous year. Operating expenses are shown to come in 1.9 percent below budget. Due to delay in receiving grant funding for the rehabilitation of the airport's runway, uses of working capital were significantly less than budget.

For fiscal year 2011, the budget anticipates operating revenue of \$4,401,430, a 10.1 percent increase over the 2010 budget. The increase is attributed to new leases of the PlaneSmart! and ExecHangar developments and a resurgence in fuel sales attributed to a recovering regional economy. Operating expenses of \$3,482,660 are up 10.1 percent from the previous year, primarily due to an expanded scope of maintenance projects. The budget includes \$1,185,000 as the Town's 10 percent match for FAA/TxDOT capital grants that will be used to refurbish runways and taxiways.¹ Working capital is projected to decline by \$747,900 due to this project but, as projected in the fund's long-term financial plan, working capital is expected to recover by fiscal year 2014.²

1. For more information related to airport projects and initiatives, please refer to Sector 4 of the Town Chronicle section of this document.

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

Airport Fund Statement of Income

	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11	
Operating revenues					
Operating grants	\$60,355	\$50,000	\$50,000	\$50,000	
Fuel flowage fees	627,559	650,000	738,400	846,000	
Rental	3,282,117	3,250,000	3,270,900	3,467,030	
User fees	40,881	45,000	45,500	38,400	
Total operating revenues	4,010,912	3,995,000	4,104,800	4,401,430	
Operating expenses					
Town - Personal services	269,626	294,960	228,120	254,020	
Town - Supplies	14,271	47,420	38,330	21,800	
Town - Maintenance	161,169	29,270	28,800	29,300	
Town - Contractual services	525,081	479,320	577,750	477,520	
Grant - Maintenance	-	100,000	100,000	100,000	
Operator - Operations and maintenance	1,284,773	1,382,870	1,203,040	2,270,090	
Operator - Service contract	881,482	828,500	925,000	329,930	
Total operating expenses	3,136,402	3,162,340	3,101,040	3,482,660	
Net operating income	874,510	832,660	1,003,760	918,770	
Non-operating revenues (expenses)					
Interest earnings and other	88,272	45,000	25,000	25,750	
Interest on debt, fiscal fees and other	(144,325)	(135,000)	(135,000)	(125,420)	
Net non-operating revenues (expenses)	(56,053)	(90,000)	(110,000)	(99,670)	
Net income (excluding depreciation)	\$818,457	\$742,660	\$893,760	\$819,100	
Changes in working capital					
Net income (excluding depreciation)	\$818,457	\$742,660	\$893,760	\$819,100	
Sources (uses) of working capital					
Retirement of long-term debt	(252,676)	(255,000)	(255,000)	(265,000)	
Net additions to fixed assets with grants	-	(1,338,000)	(47,500)	(1,245,000)	
Other net additions to fixed assets	(346,791)	(29,020)	(29,020)	(57,000)	
Net sources (uses) of working capital	(599,467)	(1,622,020)	(331,520)	(1,567,000)	
Net increase (decrease) in working capital	218,990	(879,360)	562,240	(747,900)	
Beginning fund balance	960,014	1,196,780	1,179,000	1,741,240	
Ending fund balance	\$1,179,004	\$317,420	\$1,741,240	\$993,340	
Staffing					
Police Officer	Level	Budget 2007-08	Budget 2008-09	Budget 2009-10	Budget 2010-11
	P2	2.0	2.0	2.0	2.0
Total		2.0	2.0	2.0	2.0

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 that are not included in the income statement.

Fund Narrative

Operating revenues for fiscal year 2010 are projected to be \$8,235,190, which is 12.4 percent less than budget and 10.4 percent less than realized in FY2009. The decline in revenue is due to a relatively cool, wet year in which the volume of water purchased by consumers declined 13 percent compared to the previous year. As a result of the reduced operating income, net income is projected to be only \$730,390 compared to budget of \$1,860,260. Working capital was applied to the retirement of \$2,491,280 of debt principal, construction of water and sewer lines associated with the Vitruvian Park development, and engineering of a 1.5 million gallon overhead water storage facility.

Because of the need to have sufficient resources to cover operating expenses and fund debt service and capital expenses, the 2011 budget reflects a 10 percent increase in water and sewer rates, based on an average year volume of water sold. These assumptions lead to budgeted operating revenues of \$10,247,670, or 9 percent more than budgeted in the 2010 fiscal year. Operating expenses are budgeted at \$7,332,380, 3.4 percent more than the previous year's budget. Working capital is projected to decrease \$6.4 million due to debt retirement and the construction of capital projects. The Utility Fund's long-term plan anticipates another 10 percent increase in water and sewer rates in fiscal year 2012, but once a large segment of debt is retired in 2013 rates can be reduced in 2014.¹

Capital expenses scheduled for FY2011 include:²

- Replacement of a water main along Spring Valley Road (\$250,000).
 - Initial construction of elevated water storage facility (\$3,400,000).
1. *For more information related to the Utility Fund long-term plan, please refer to Appendix E.*
 2. *Please refer to the Sector 3 of the Town Chronicle section of this document for more information related to these capital projects.*

Utility Fund Statement of Income

	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Operating revenues				
Water sales	\$4,972,519	\$5,059,700	\$4,332,500	\$5,462,500
Sewer charges	4,108,426	4,275,000	3,817,400	4,702,500
Tap fees	24,210	10,000	16,770	12,670
Penalties	83,636	60,000	68,520	70,000
Total operating revenues	9,188,791	9,404,700	8,235,190	10,247,670
Operating expenses				
Water purchases	2,555,204	2,653,400	2,560,500	2,707,600
Wastewater treatment	1,933,859	1,745,200	1,773,200	1,980,100
Utility operations	2,483,206	2,692,450	2,586,160	2,644,680
Total operating expenses	6,972,269	7,091,050	6,919,860	7,332,380
Net operating income	2,216,522	2,313,650	1,315,330	2,915,290
Non-operating revenues (expenses)				
Interest earnings and other	174,185	175,000	43,450	16,500
Interest on debt, fiscal fees and other	(835,726)	(628,390)	(628,390)	(523,680)
Net non-operating revenues (expenses)	(661,541)	(453,390)	(584,940)	(507,180)
Net income (excluding depreciation)	\$1,554,981	\$1,860,260	\$730,390	\$2,408,110
Changes in working capital				
Net income (excluding depreciation)	\$1,554,981	\$1,860,260	\$730,390	\$2,408,110
Sources (uses) of working capital				
Retirement of long-term debt	(2,183,242)	(2,491,280)	(2,491,280)	(2,623,770)
Net additions to fixed assets	(1,067,114)	(2,358,900)	(683,000)	(3,785,000)
Net (increase) decrease in other assets	82,369	-	-	-
Net sources (uses) of working capital	(3,167,987)	(4,850,180)	(3,174,280)	(6,408,770)
Net increase (decrease) in working capital	(1,613,006)	(2,989,920)	(2,443,890)	(4,000,660)
Beginning fund balance	9,083,573	7,578,060	7,470,570	5,026,680
Ending fund balance	\$7,470,567	\$4,588,140	\$5,026,680	\$1,026,020

Utility Operations

Division Description

The department's mission is to provide safe, uninterrupted water and wastewater (sewer) services to Addison residents and businesses. The Town purchases water from the City of Dallas and delivers its sewage to treatment facilities in Dallas and to the Trinity River Authority's northern region treatment plant. The department staff is responsible for maintaining over 98 miles of water line, 1,400 fire hydrants, 2,200 main valves, one wastewater lift station, 86 miles of sanitary sewer lines, and 900 manholes.

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

Program Narrative

Accomplishments for FY2010

- Installed chemical buildings at Celestial and Surveyor water pump stations.
- Installed chlorine-free ammonia and ph analyzers at both the Celestial and Surveyor pump stations' entry point from Dallas Water Utilities.
- Completed design phase on the new 1.5 million gallon water tower.
- Audited over 3,400 water meters for seven key data elements including meter size, meter number, unit of measure, and user type to ensure accuracy and uniformity with the billing system.
- Replaced over 300 single family, 90 irrigation, and 130 business/commercial water meters as part of the department's 15-year meter replacement program.
- Installed over 200 new backflow devices and 700 existing devices to the department's cross connection control program.

- Pumped over 1.6 billion gallons of water and collected over 1.0 billion gallons of wastewater.
- Responded to over 4,500 customer service calls.

Objectives for FY2011

- Update the department's water and wastewater GIS maps.
- Upgrade supervisory control and data acquisition (SCADA) software and reports.
- Improve the power factor at the Celestial pump station by upgrading the electrical metering.
- Continue the department's meter replacement program.
- Inspect and repair manholes located in the sewer basins served by Dallas Water Utilities.

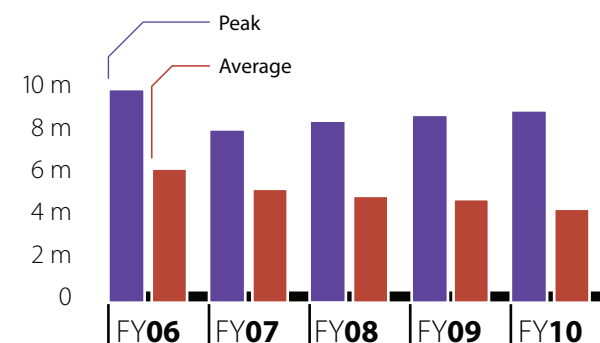
Notable Budget Items

- Electricity to power the Town's pump and lift stations (\$240,000).
- Meter replacement and repair costs (\$140,000).
- Modified Level of Service: SCADA software upgrades (\$21,000).
- Modified Level of Service: Celestial pump station power factor improvement (\$22,500).
- Modified Level of Service: Reduce funding for GIS contracting (\$30,000). GIS work will be performed in-house by the Information Technology department.

Expenditures	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Personal Services	\$1,235,913	\$1,374,730	\$1,318,980	\$1,362,290
Supplies	113,244	134,540	115,960	133,890
Maintenance	539,808	388,920	381,440	410,020
Contractual Services	594,241	794,260	755,780	714,980
Capital Replacement/ Lease	-	-	-	23,500
Capital Outlay	-	-	14,000	-
Total Department Budget	\$2,483,206	\$2,692,450	\$2,586,160	\$2,644,680

Staffing	Level	Budget 2007-08	Budget 2008-09	Budget 2009-10	Budget 2010-11
Director - Public Works	31	1.0	1.0	1.0	1.0
Assistant Director - Public Works	29	1.0	0.0	0.0	0.0
City Engineer	27	1.0	1.0	1.0	1.0
Utilities Superintendent	24	1.0	1.0	1.0	1.0
Assistant to the Director	22	0.0	0.0	1.0	0.0
Management Assistant	20	0.0	1.0	0.0	1.0
Inspector - Public Works	13	1.0	1.0	1.0	1.0
Supervisor - Utilities	13	1.0	2.0	2.0	2.0
Water Quality Specialist	12	0.0	1.0	1.0	1.0
Senior Utility Operator	11	2.0	1.0	1.0	1.0
Pump and Fountain Technician	10	0.0	1.0	0.0	0.0
Assistant Public Works Inspector	9	1.0	1.0	1.0	1.0
Secretary - Department	8	1.0	0.0	0.0	0.0
Utility Operator III	8	2.0	2.0	2.0	2.0
Utility Operator II	6	3.0	3.0	3.0	3.0
Utility Operator I	3	2.0	2.0	2.0	2.0
Total		17.0	18.0	17.0	17.0

Water Usage (millions of gals)



Information Technology Replacement Fund

Fund Description

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

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

Fund Narrative

Department contributions were temporarily suspended for fiscal year 2010 to provide relief to the General Fund and are resumed for fiscal year 2011. Expenses in FY2010 were associated with the completion of various projects started in FY2009, including the migration to a community management system and replacement of audio visual equipment. Several purchases budgeted in fiscal year 2010 were delayed and are therefore included in the FY2011 budget:

- Replacement of laptops (\$45,000).
- Redesign of web portal (\$50,000).
- Replacement of video cameras and mobile data computers for the Police and Fire departments (\$230,000).

Information Technology Replacement Fund Statement of Income

	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Operating revenues				
Department contributions	\$435,070	\$-	\$-	\$651,000
Total operating revenues	435,070	-	-	651,000
Operating expenses				
Contractual services	2,677	2,500	2,780	3,000
Total operating expenses	2,677	2,500	2,780	3,000
Net operating income	432,393	(2,500)	(2,780)	648,000
Non-operating revenues (expenses)				
Interest earnings and other	64,260	70,000	22,700	21,690
Other revenues (expenses)	(26,428)	-	-	-
Net non-operating revenues	37,832	70,000	22,700	21,690
Other financing sources (uses)				
Interfund transfer	29,392	-	-	-
Net income (excluding depreciation)	\$499,617	\$67,500	\$19,920	\$669,690
Changes in working capital				
Net income (excluding depreciation)	\$499,617	\$67,500	\$19,920	\$669,690
Sources (uses) of working capital				
Acquisition of capital hardware/software				
General government	(1,140,263)	(357,000)	(105,000)	(95,000)
Public safety	(7,498)	(250,000)	-	(230,000)
Net sources (uses) of working capital	(1,147,761)	(607,000)	(105,000)	(325,000)
Net increase (decrease) in working capital	(648,144)	(539,500)	(85,080)	344,690
Beginning fund balance	2,796,715	2,094,790	2,148,570	2,063,490
Ending fund balance	\$2,148,571	\$1,555,290	\$2,063,490	\$2,408,180

Capital Replacement Fund

Fund Description

This fund was established to accumulate sufficient resources to replace existing equipment (with values in excess of \$5,000) that has reached or exceeded its useful life. Resources are acquired through charges to operating departments in the General Fund. The charges are calculated using a straight-line amortization of each piece of equipment based upon the item's expected life. When a piece of equipment has reached the end of its projected useful life, a decision is made as to whether the equipment should be replaced. If the costs of retaining the equipment (e.g. maintenance expenditures and length of down-time) do not exceed a predetermined amount, the item will be kept in service. However, once the equipment has been fully amortized, the department will not continue to make payments to the fund. Interest income earned by the fund and proceeds from the sale of surplus equipment will offset the impact of inflation on the replacement costs of equipment. The fund is also used to finance replacement equipment in those instances in which the cost of replacement far exceeds the original cost of the equipment. In these instances, the fund purchases equipment "on loan" to the user departments at a loan rate equivalent to the yield the fund receives on its invested cash.

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

Fund Narrative

Department contributions were temporarily suspended for fiscal year 2010 to provide relief to the General Fund and are resumed for fiscal year 2011. Expenses in FY2010 were primarily associated with the purchase of new patrol vehicles, equipment at the Addison Athletic Club, two vehicles for General Services, and two pickup trucks for Parks. Equipment scheduled to be purchased during fiscal year 2011 includes:

- General Services – One service truck (\$40,000).
- Police – Three patrol motorcycles (\$69,000).
- Fire – One ambulance (\$140,000).

Capital Replacement Fund Statement of Income

	Actual 2008-09	Budget 2009-10	Estimate 2009-10	Budget 2010-11
Operating revenues				
Department contributions	\$502,700	\$-	\$-	\$509,000
Total operating revenues	502,700	-	-	509,000
Operating expenses				
Contractual services	2,677	3,000	3,000	3,000
Total operating expenses	2,677	3,000	3,000	3,000
Net operating income	500,023	(3,000)	(3,000)	506,000
Non-operating revenues (expenses)				
Interest earnings and other	84,667	90,000	40,320	35,520
Proceeds from sale of assets	84,381	30,000	55,860	40,000
Net non-operating revenues	169,048	120,000	96,180	75,520
Other financing sources (uses)				
Interfund transfer	53,647	-	-	-
Net income (excluding depreciation)	\$722,718	\$117,000	\$93,180	\$581,520
Changes in working capital				
Net income (excluding depreciation)	\$722,718	\$117,000	\$93,180	\$581,520
Sources (uses) of working capital				
Acquisition of capital equipment				
General government	-	(105,000)	(67,300)	(40,000)
Public safety	(237,405)	(518,000)	(518,000)	(209,000)
Streets	(38,878)	-	(52,220)	-
Parks and recreation	-	(160,000)	(160,000)	-
Net source (use) of working capital	(276,283)	(783,000)	(797,520)	(249,000)
Net increase (decrease) in working capital	446,435	(666,000)	(704,340)	332,520
Beginning fund balance	3,384,136	3,776,840	3,830,570	3,126,230
Ending fund balance	\$3,830,571	\$3,110,840	\$3,126,230	\$3,458,750

It's rare, but on very special occasions, Addison becomes a winter wonderland.



Addison Fast Facts*

2010 Population: **14,050**

2010 Assessed Value: **\$3,058,773,720 for FY2011**

Median Age: **34.7 years**

Median Household Income: **\$62,506**

Average Household Income: **\$70,808**

Number of Households: **8,805**

Total Employment in Addison: **45,264**

Square Miles: **4.3 square miles**

Developable Land Remaining: **6%**

Housing Units:

- Owner Occupied: **23.8%**
- Renter-Occupied: **62.6%**
- Vacant: **13.6%**

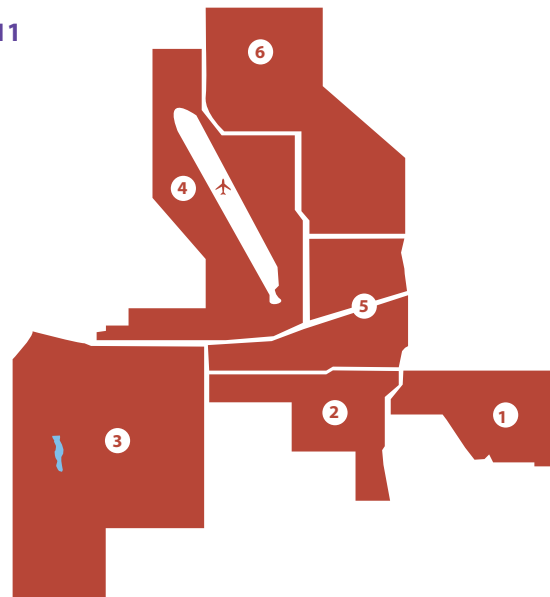
Education Level **51.2% with a Bachelor's degree or higher**

Major Employers in Addison:

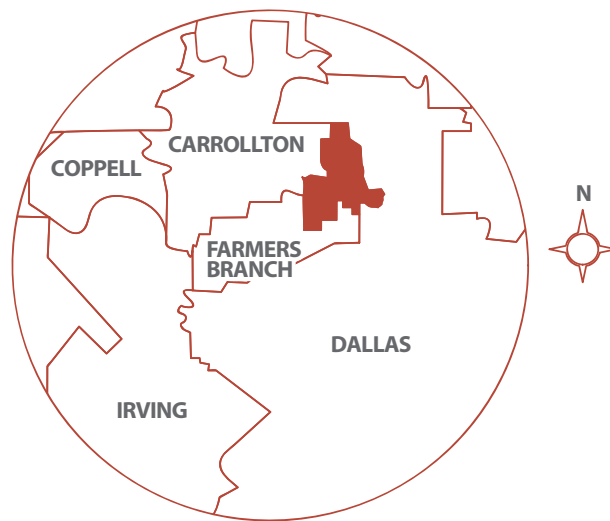
- Mary Kay Cosmetics
- Bank of America
- Pizza Hut Corporate Offices
- Regus Group PLC
- Barrett Burke Wilson & Castle
- Concentra Health Services
- Dallas Marriott Quorum
- Greenhill School
- United Surgical Partners
- National Business Research

*Sources: North Central Texas Council of Governments (NCTCOG), Dallas Central Appraisal District, and Sites on Texas.

Addison Planning Sectors



Addison within the Dallas Metroplex



Addison Town Chronicle

Town Description

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

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

The Town's reputation for maintaining a high quality of urban life has attracted considerable development over the past few years. Addison is home to 108 office or commercial buildings providing over 10 million square feet of office space. Most of Addison's office buildings are designated "Class A" due to the amenities they offer. The Town boasts 22 hotels with 3,953 rooms and 171 restaurants, or an average of nearly 40 per square mile.

Because of its concentration of commercial and retail development, Addison is particularly susceptible to changes in the regional and national economies. The national recession has impacted the local economy and the revenue generated by Addison's businesses. Taxable appraised values as of January 1, 2010 fell 7.6 percent and follow a year that witnessed an 11.1 percent decline. The declines are greatly attributed to reduced office occupancy. The amount of income generated by an office building is used by the Dallas Central Appraisal District to determine the building's taxable value. As of September 30, 2010 office occupancy was 75.8 percent, static compared to the 75.2 percent

occupancy in September 2009 but a decline from 2008 levels when occupancy was greater than 80 percent.¹ This rate is slightly higher than the 74.5 percent average of the Dallas central business district office market but lower than the 82.2 percent occupancy rate for the entire Dallas/Fort Worth metropolitan area. Sales tax for the 2010 fiscal year is projected to decline 3.4 percent and Addison's hotels, which cater primarily to business travelers, are experiencing fewer bookings resulting in a projected 12.8 percent decline of hotel occupancy tax.

Although Texas has been impacted by the national recession, its economy is faring better than the country as a whole. As of August 2010, Texas' unemployment rate stood at 8.3 percent compared to the United States rate of 9.6 percent.² The Texas Leading Index maintained by the Federal Reserve Bank of Dallas is up 6 percent from a year ago and up 12 percent from the lowest point recorded in April 2009. The reasons attributed by the Dallas bank for why Texas is faring better than the rest of the nation are a smaller housing bubble, a diversified state economy that is less dependent on manufacturing, and higher job growth tied to industries moving from other parts of the country.³ The Town of Addison will share in any economic recovery experienced by the region and the state, but it is expected that a full recovery to peak revenue levels experienced in 2008 will take another two to three years.

For purposes of easily identifying the events affecting the community, the Town has been divided into six planning sectors. The remainder of this Chronicle section focuses on the attributes of each area of the Town and summarizes the issues, programs, and projects related to the sectors. Estimates for costs related to capital projects are derived from current costs of engineering, building, or operating projects of similar scope, with no adjustment for inflation.

1. CoStar.
2. Texas Economic Indicators, October 2010, Federal Reserve Bank of Dallas.
3. Kumar, Anil. Texas Twist: Why Did State's Unemployment Fall below Nation's? Southwest Economy, Third Quarter 2010, Federal Reserve Bank of Dallas.

Sector 1

Sector Description

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

Capital Projects

Intermediate (13 to 36 months)

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

Sector Community Issues

“Visit Addison” – The Hotel Fund budget includes operating expenditures for “Visit Addison,” a 26,000 square foot space that will house the Town’s Visitor Services department, the Metrocrest Chamber of Commerce, and the Craft Guild. Total operating expenses are budgeted at \$619,810 for FY2011. Rental income from the center, including rent from the Chamber and the Guild, is budgeted at \$225,540. The Town expects “Visit Addison” to complement the shops and drive traffic to the Village on the Parkway retail complex in which it is located.

Sector 2

Sector Description

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

Capital Projects

Accomplished

Comprehensive Traffic Signalization – The project updated the traffic signal control hardware and software at many of the Town’s signalized intersections. The project allows for remote monitoring and modification of signal timing, greatly increasing traffic flow during peak periods.

Immediate (1 to 12 months)

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 Town’s 2000 Bond Capital Improvement Program was \$11 million for relocating sidewalks away from the roadway and adding landscaping to make Belt Line Road a more pedestrian friendly street between Dallas Parkway and Addison Road. The conceptual design for the project was completed in FY2010. Street lights and median landscaping are expected to be completed in 2011 with bus stops and other amenities to follow in 2012.

Intermediate (13 to 36 months)

Railroad Crossing Improvements – The Cotton Belt railroad line carries freight through the North Dallas area. Federal law requires train engineers to blow their horns when approaching street crossings. The noise is disruptive to the residents and office workers residing in Sectors 2 and 5. The project would improve the crossings to add signal arms that would totally block automobile traffic from crossing the tracks. The improvements would allow engineers to refrain from blowing the engine horns. The project is expected to cost \$426,000 and would be paid from DART Local Assistance Program/Congestion Management System (LAP/CMS) grants and surplus bond funds. The Town is in the process of obtaining state grants to further supplement the funding.

Long-Term (37 to 60 months)

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

Sector 3

Sector Description

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

Capital Projects

Immediate (1 to 12 months)

Vitruvian Park Public Improvements Program Phase I – This area, once referred to as the Brookhaven Club area, was comprised of several older apartment complexes and has some of the Town’s oldest public infrastructure. A major redevelopment of the area began in 2009. A 12-acre creekside park is expected to be completed in August 2011 at a cost of \$10.95 million. Operating costs including utilities and park maintenance are expected to total \$90,000 per year. Also two vehicular bridges and one pedestrian bridge will be completed in May 2011 at a cost of \$5.3 million.

Spring Valley Road/Vitruvian Way Intersection Improvements – Intersection improvements at Spring Valley Road including road widening and upgraded signalization are scheduled for completion in August 2011 at a cost of \$3.3 million. A trailhead connecting the Redding Trail with Vitruvian Park and the Brookhaven College campus will be a part of the Spring Valley Road improvement project.

Redding Trail Extension – This project will extend Redding Trail south using an Oncor electric utility right-of-way that runs between Greenhill School and the DISD Loos Field athletic complex. This trail will be part of a complete hike/bike trail system that will run from the Cotton Belt railroad line right-of-way and continue south through the Vitruvian Park development and connect to the Brookhaven College campus. The \$1.5 million extension is expected to be completed by July 2011. As part of this project, new landscaping will be constructed along the trail and at the new George H.W. Bush Elementary School with annual operating costs of \$18,000.

Elevated Storage Tank – To ensure adequate water pressure is provided to all areas of the community, consulting engineers have recommended the

Sector Community Issues

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

Addison Beverage Center – When Addison began developing in the early 1980’s it was the first city in the North Dallas area to allow for the sale of packaged (versus restaurant sale) alcoholic beverages. The Town’s Charter required that the sale of these beverages be limited to a one-mile section of Inwood Road. Several stores located to this area and have enjoyed tremendous success over the years. However, recently adjacent suburbs have had elections allowing for the sale of packaged wine and beer in their communities, which has siphoned off some of the business from Addison’s retailers. In November 2010, an election will be held regarding the option to lift the Inwood Road restriction on beer and wine sales and allow those to be sold Town-wide. If voters amend the Charter, the Town will assess the impact on Inwood Road for the future, including possible redevelopment schemes.

Town build a second elevated water storage tank. The tank will have a capacity of 1.5 million gallons with an overflow elevation of 777 feet and be located at the property across Arapaho Road from the property housing the existing Surveyor ground storage tank. The total project budget is \$5 million and is funded through certificates of obligation sold during the 2008 fiscal year. Engineering of the project was completed during FY2010 with construction beginning in FY2011 and ending in FY2013. Once completed, the project will require minimal operating expenses, but the tank will have to be repainted every 10 to 15 years at a cost of approximately \$30,000.

Intermediate (13 to 36 months)

Greenhaven Village Water Line Improvements – Project consists of replacing an eight-inch cast iron water main with a new PVC line that serves a retail development and will be connected to the Vitruvian Park water lines. Total budget for the project is \$525,000 and is scheduled for engineering and construction during the 2013 fiscal year. The project is expected to save an estimated \$5,000 a year in unaccounted for water loss and repair of leaks.

Long-Term (37 to 60 months)

Vitruvian Park Public Improvements Program Phase II – As the Vitruvian Park redevelopment reaches certain milestones, additional debt will be issued to complete Phase II of public infrastructure projects. This phase includes additional streets, two parks, and a soccer field. The total debt issued for this phase is scheduled for \$17 million.

Sector Community Issues

Vitruvian Park – UDR Inc. is a self-administered real estate investment trust that acquired 100 acres of the Brookhaven Club area and the related apartment complexes. UDR and the Town are working together on a total reinvention of the neighborhood which entails demolishing more than 3,200 aging apartment units and replacing them with 5,500 new units. The neighborhood will also incorporate new parks and open spaces, including a 12-acre park along the Farmers Branch Creek. In FY2010, the project reached its first major milestone with the completion of Savoye, a complex comprised of 363 multi-family units. Leasing activity for the complex's first year was very strong. Construction is currently underway on Phase II, which will contain another 355 multi-family units, some office space, and retail space at the street edge. The development will create another urban community for Addison, similar to Addison Circle

(see Sector 5). The Town is participating in the project by funding public infrastructure improvements totaling approximately \$39 million. Construction of all infrastructure is being coordinated through a Master Facilities Agreement between the Town and UDR. At ultimate build out, the development is anticipated to add \$1 billion in values to the Town's property tax base.

George H. W. Bush Elementary School – The Town is working with DISD to build a Kindergarten through Fifth Grade elementary school on DISD's Loos Field athletic complex site, which will be the district's first public school to be located in Addison. The school was made possible by the successful passage of the district's 2008 \$1.35 billion bond election. The school is being built to be energy efficient. The Town is participating in the design of outdoor areas that will include playgrounds with shade structures, sport courts, a learning garden, soccer/open play fields, and plaza spaces. The Town has contracted with the district to maintain these outdoor areas at the same high-quality levels of other Town parks.

Sector 4

Sector Description

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

Capital Projects

Immediate (1 to 12 months)

Runway and Taxiway Improvements – This project totally resurfaces the runway. The project would also remove the existing ditch at the northwest end of the airport from the safety area. The project will also add lighting, signage, and a Precision Approach Path Indicator (a visual navigational aid). The project is scheduled to be constructed over several years and has a budget of \$11.6 million. This project is scheduled to begin construction in Spring 2011.

Addison Road/Keller Springs Intersection – This project would add two turn lanes on Keller Springs Road and replace existing traffic signals to accommodate a wider pavement section at the entrance of the Keller Springs Toll Tunnel. Cost is estimated to be \$1.2 million with Dallas County contributing \$400,000 and NTTA providing \$600,000 along with

the Town's contribution of \$200,000. The project is tentatively scheduled to begin in fiscal year 2011. The project will not have a material impact on operating expenditures.

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

Engineered Materials Arrestor System (EMAS) – An EMAS is intended to stop aircraft that overshoot a runway when there is insufficient space for a standard runway safety area. A feasibility study will be conducted at a cost of \$100,000 in FY2011 to determine if an EMAS can and should be installed at the airport. If the study concludes that an installation of an EMAS system should be performed, the project will be scheduled for completion in FY2013 at an estimated cost of \$6 million.

Intermediate (13 to 36 months)

Perimeter Security and Access Control System – Enhancements to the security of the airport including a system of gates and access controls will be included in this project estimated to cost \$400,000.

Taxiway Alpha – This project includes engineering, design, and reconstruction of Taxiway Alpha, the west 800 feet of Taxiway Tango, and the completion of the fuel farm west ramp. The estimated cost for the engineering and design phase is \$729,000 and scheduled for completion in FY2012. The reconstruction is scheduled for FY2013 at a cost of \$4.6 million.

Master Plan Update – This project will include a design and compilation of various strategic objectives for the airport. \$50,000 is budgeted for the project in FY2013.

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

Long-Term (37 to 60 months)

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

Taxiway Tango – The total reconstruction and resurfacing of Taxiway Tango is scheduled for completion in FY2014 at a cost of \$2.9 million.

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

Sector Community Issues

Several private redevelopment projects were completed at the airport during the 2010 fiscal year. A growing aircraft management and fractional ownership service provider acquired the ground lease interests at 15841 Addison Road and invested at least \$500,000 in various capital and building improvements on the property. PlaneSmart! Aviation opened their new facility in May 2010. The company holds a five-year option to lease adjacent property to build an 8,000 square foot hangar to allow for further expansion, if needed.

A redevelopment project first agreed to in late 2007, ExecHangar broke ground in February 2010 and commenced construction of its corporate flight department/executive hangar co-operative facility. Phase I is now complete and includes 24,000 square feet of expansive hangar space with a nearly 28-foot high door clearance and office space representing over \$50,000 in additional annual rental and potentially \$3 million in new airport investment.

Million Air, a fixed base operator, broke ground in October 2010 on a new expanded hangar facility scheduled to open in Spring 2011. This new 275,000 square foot hangar, terminal, and ramp will be built at an estimated cost of \$4 million and will increase the company's capacity by nearly 50 percent. In addition to office and storage space, the structure will contain a new 40,000 square foot hangar to house the Million Air managed fleet and will be able to accommodate the new Gulfstream G-650 available in early 2012.

The Cavanaugh Flight Museum maintains one of the nation's largest collections of operating military aircraft that attracts thousands of visitors each year to Addison. Over the years, the collection has grown to exceed the capacity of the existing hangars that house and showcase the aircraft. The Town will work with the museum to develop a strategy for adding or expanding facilities to accommodate the aircraft.

Sector 5

Sector Description

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

Capital Projects

Accomplished

Meridian Square Infrastructure – Meridian Square is the last development project in Addison Circle and is comprised of 128 units. The streets and utilities were completed by the developer and dedicated to the Town in FY2010.

Sector Community Issues

Addison Circle Development – With the completion of Meridian Square, the Addison Circle development will be near build-out. Addison Circle began as a vision crafted by the Addison 2020 Committee, which was established in 1992 to envision Addison's future. The project broke ground in 1997, and 13 years later has transformed Addison's profile and confirmed its brand as a true urban destination. The award-winning, nationally acclaimed mixed-use development now boasts 2,020 multi-family units, 407 townhome and condominium units, 550,000 square feet of office space, and 75,000 square feet of retail space.


Sector 6

Sector Description

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

Sector Community Issues

Methodist Hospital for Surgery – Medica Development, LLC completed construction of Phase I of a spine and orthopedic specialty hospital for the partnership of Methodist Health System and Nuetera Healthcare in September 2010. The \$60 million, 32-bed hospital is Phase I of a development plan that will ultimately contain an additional 232-bed hospital and two medical office buildings. Planning is underway on the first medical office building which is comprised of 100,000 square feet. The building will be adjacent to the hospital, and construction is scheduled to begin in January 2011.



None of the birds in this museum are stuffed

In fact, most of them still get off the ground to oohs, ahs, and wows at air shows here and across the US. The Cavanaugh Flight Museum at Addison Airport displays and flies war “birds” from WW1 to the Vietnam era.

Appendix A

The Budget Process

1

Schedules Distributed to City Council —

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

May
2010

7

Work Session with Council —

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

Aug.
2010

2

Budget Requests Submitted & Reviewed —

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

May
28

8

Public Hearing Held —

Following the required newspaper notices, a public hearing is conducted at regularly scheduled Council meetings.

Sep.
14

3

Work Session with City Manager —

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

Jun.
Jul.

9

Council Adopts the 2010–2011 Budget —

Council approves ordinances adopting the budget for the fiscal year beginning October 1, 2010 with total appropriations of \$77,730,320 and a tax rate of 53.00 cents.

Sep.
21

4

Certified Tax Rolls Received —

Certified appraisal rolls from Dallas Central Appraisal District are received showing taxable values of \$3,058,773,720.

Jul.
21

10

2010–2011 Budget Document is Published —

Financial and Strategic Services Department staff develops final budget document; document is returned from printers and distributed to users.

Dec.
2010

5

2010–2011 City Manager's Proposed Budget —

City Manager's proposed budget is filed with the City Secretary and made available to the public as required by the City Charter. The budget reflects total appropriations of \$76,983,550 and a tax rate of 55.23 cents.

Jul.
31

11

Budget is Amended —

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

Jun.
2011

6

Effective Tax Rate Published —

Upon receipt of the certified appraisal rolls, Finance performs the net effective tax rate calculation as required by State law. The net effective tax rate is calculated to be 54.98 cents with a roll-back rate of 59.25 cents.

Aug.
6

Appendix B

Financial Policies

Introduction

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

Annual Budget

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

1. The fiscal year of the Town of Addison shall begin on October 1 of each calendar year and will end on September 30 of the following calendar year. The fiscal year will also be established as the accounting and budget year.
2. The City Manager, prior to August 1 of each year, shall prepare and submit to the City Secretary the annual budget covering the next fiscal year, which shall contain the following information:
 - a. The City Manager's budget message shall outline the proposed financial policies for the next fiscal year with explanations of any changes from previous years in expenditures and any major changes of policy and a complete statement regarding the financial condition of the Town.
 - b. An estimate of all revenue from taxes and other sources, including the present tax structure rates and property valuations for the ensuing year.
 - c. A carefully itemized list of proposed expenses by office, department, agency, and project for the budget year, as compared to actual expenses of the last ended fiscal year, and estimated expenses for the current year compared to adopted budget.

- d. A description of all outstanding bonded indebtedness of the Town.
 - e. A statement proposing any capital expenditure deemed necessary for undertaking during the next budget year and recommended provision for financing.
 - f. A list of capital projects which should be undertaken within the next five succeeding years.
 - g. A five-year financial plan for the General, Hotel, Airport, and Utility Funds.
3. The City Manager's budget should assume, for each fund, operating revenues that are equal to or exceed operating expenditures. The City Manager's budget message shall explain the reasons for any fund that reflects operating expenditures exceeding operating revenues.
 4. At least one public hearing shall be conducted before the Council, allowing interested citizens to express their opinions concerning items of expenditure, giving their reasons for wishing to increase or decrease any items of expense. The notice of hearing shall be published in the official newspaper of the Town not less than 15 days or more than 30 days following date of notice.
 5. Following the public hearing, the 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 Town 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 (GAAP) as established by the Governmental Accounting Standards Board (GASB).
 - a. The accounts of the Town are organized and operated on the basis of funds and account groups. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. Governmental funds are used to account for the government's general government activities and include the General, Special Revenue, Debt Service and Capital Project Funds.
 - b. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Substantially all revenues are considered to be susceptible to accrual. Ad valorem, sales, hotel, franchise and tax revenues recorded in the General Fund and ad valorem tax revenues recorded

in the Debt Service Fund are recognized under the susceptible to accrual concept. Licenses and permits, charges for services, fines and forfeitures, and miscellaneous revenues (except earnings on investments) are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available. Expenditures are recognized when the related fund liability is incurred, if measurable, except for principal and interest on general long-term debt, which are recorded when due, and compensated absences, which are recorded when payable from currently available financial resources.

- c. The Town utilizes encumbrance accounting for its governmental fund types, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to 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 re-appropriated and honored the subsequent fiscal year.

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

Budget Administration

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

Financial Reporting

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

Revenues

1. To protect the Town's financial integrity, the Town will maintain a diversified and stable revenue system to shelter it from fluctuations in any one revenue source. Recognizing that sales tax is a volatile, unpredictable source of revenue, the Town will attempt to reduce its dependence on sales tax revenue.
2. For every annual budget, the Town shall levy two property tax rates: operation/maintenance and debt service. The debt service levy shall be sufficient for meeting all principal and interest payments associated with the Town's outstanding general obligation debt for that budget year. The debt service levy and related

debt service expenditures shall be accounted for in the Debt Service Fund. The operation and maintenance levy shall be accounted for in the General Fund. The operation and maintenance levy will be established within the 8 percent rollback rate as defined by the State of Texas Property Tax Code. Council will consider exceeding the rollback rate only after options have been presented by staff to avoid the rollback by increasing revenue from other sources or reducing expenditures.

3. The Town will maintain a policy of levying the lowest tax rate on the broadest tax base. Minimal exemptions will be provided to homeowners, senior citizens, and disabled veterans. The Town may consider providing tax abatements or other incentives to encourage development.
4. The Town will establish user charges and fees at a level that attempts to recover the full cost of providing the service.
 - a. User fees, particularly utility rates, should identify the relative costs of serving different classes of customers.
 - b. Where possible, utility rates should be designed to reduce peak (hour and day) demands on the utility systems.
 - c. The Town will make every reasonable attempt to ensure accurate measurement of variables impacting taxes and fees (e.g. verification of business sales tax payments, verification of appraisal district property values, and accuracy of water meters).
5. The Town will attempt to maximize the application of its financial resources by obtaining supplementary funding through agreements with other public and private agencies for the provision of public services or the construction of capital improvements.
6. The Town will consider market rates and charges levied by other public and private organizations for similar services in establishing tax rates, fees and charges.
7. The Town will invest idle cash to obtain interest income within the constraints of the Town's annually adopted investment policy. That policy established the following five objectives:
 - a.) conformance with all Federal regulations, State of Texas statutes and other legal requirements including the Town Charter and Town

Ordinances, including this Policy, b.) preservation of capital and the protection of investment principal, c.) maintenance of sufficient liquidity to meet anticipated disbursement and cash flow, d.) diversification to avoid incurring unreasonable risks regarding securities owned, and e.) attainment of a market rate of return equal to or higher than the performance measure established from time to time by the CFO of the Town which is commensurate with the acceptable risk and liquidity objectives of this policy.

8. 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
 - i. Capital Equipment
2. The annual budget shall appropriate sufficient funds for operating, recurring expenditures necessary to maintain established (i.e. status quo) quality and scope of city services.
3. The Town will constantly examine the methods for providing public services in order to reduce operating, recurring expenditures and/or enhance quality and scope of public services with no increase to cost.

4. Personal service expenditures will reflect the minimum staffing needed to provide established quality and scope of city services. To attract and retain employees necessary for providing high-quality service, the Town shall maintain a compensation and benefit package competitive with the public and, when quantifiable, private service industries.
5. Supply expenditures shall be sufficient for ensuring the optimal productivity of Town employees.
6. Maintenance expenditures shall be sufficient for addressing the deterioration of the Town's capital assets to ensure the optimal productivity of the capital assets. Maintenance should be conducted to ensure a relatively stable level of maintenance expenditures for every budget year.
7. The Town will utilize contracted labor for the provision of city services whenever private contractors can perform the established level of service at less expense to the Town. The Town will regularly evaluate its agreements with private contractors to ensure the established levels of service are performed at the least expense to the Town.
8. Capital equipment is defined as equipment that exceeds \$5,000 and has a useful life of at least one year. Existing capital equipment shall be replaced when needed to ensure the optimal productivity of Town employees. Existing capital equipment associated with General Fund operations will be amortized by charges to the departments using the equipment. The amortization charges will be sufficient for replacing the capital equipment at the end of its expected useful life. The amortization charges and application of those funds will be accounted for in the Capital Replacement Fund.
9. Expenditures for additional capital equipment shall be made only to enhance employee productivity, improve quality of service, or expand scope of service.
10. To assist in controlling the growth of operating expenditures, operating departments will submit their annual budgets to the City Manager within a ceiling calculated by the CFO. Projected expenditures that exceed the ceiling must be submitted as separate requests. The City Manager will recommend the adjustment requests in the recommended budget to the Council.

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 percent of that fund's annual operating expenditures. To satisfy the particular needs of individual funds, ending fund balances may be established which exceed the 25 percent minimum.
2. Fund balance that exceeds the minimum level established for each fund may be appropriated for non-recurring capital projects or programs.
3. The Town will exercise diligence in avoiding the appropriation of fund balance for recurring operating expenditures. In the event fund balance is appropriated for recurring operating expenditures to meet the needs of the Addison community, the budget document shall include an explanation of the circumstances requiring the appropriation and the methods to be used to address the future use of fund balance for operating expenditures.

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.
3. Transfers are permitted from between funds to support economic development programs.

Debt Expenditures

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

Capital Project Expenditures

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

Utility Capital Expenditures

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

Long-Term Financial Plans

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

Appendix C Compensation Plan

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

E = Exempt Position (salaried). Not eligible for over-time wages.

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

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

Merit and Market Pay Plan

The purpose of the merit and market pay plan is

threefold: to encourage excellence in service by tying salary increases to job performance rather than tenure; to reward employees for their efforts and job performance; and to remain competitive with other Metroplex cities in regards to our compensation program.

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

No merit increases were included in the 2010–2011 budget. However, Council approved funding for a 1 percent one-time merit benefit payment to employees. This benefit will not increase the base salaries of employees.

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

Wage and Salary Scale

Departments

Level	Base Salary	Top Salary
1-N	20,966	31,470
2-N	22,256	33,384
3-N	23,608	35,422
4-N	25,064	37,568
5-N	26,582	39,874
6-N	28,226	42,286
7-N	29,931	44,886
8-N	31,741	47,632
9-N	33,675	50,523
10-N	35,734	53,604
11-N	37,918	56,888
12-N	40,227	60,361
13-N	42,681	64,022
20-E	41,497	62,224
21-E	44,682	67,023
22-E	48,123	72,163
23-E	51,818	77,727
24-E	55,810	83,694
25-E	60,079	90,150
26-E	64,730	97,073
27-E	69,699	104,528
28-E	75,072	112,576
29-E	80,848	121,241
30-E	87,050	130,585
31-E	93,760	140,630
32-E	100,960	151,461
33-E	108,732	163,099
34-E	117,100	175,650

Police Department

Level	Base Salary	Top Salary
D1	35,746	53,599
P1	44,400	
P2	46,618	68,863
P3	69,669	79,481
P4	77,554	89,753
P5	87,613	99,978
P6	90,000	103,500

Fire Department

Level	Base Salary	Top Salary
F1	43,471	
F2	46,113	63,932
F2a	58,776	67,593
F3	68,417	75,391
F4	73,578	81,105
F5	79,130	103,071
FP1	46,082	63,922
FP2	73,556	81,107

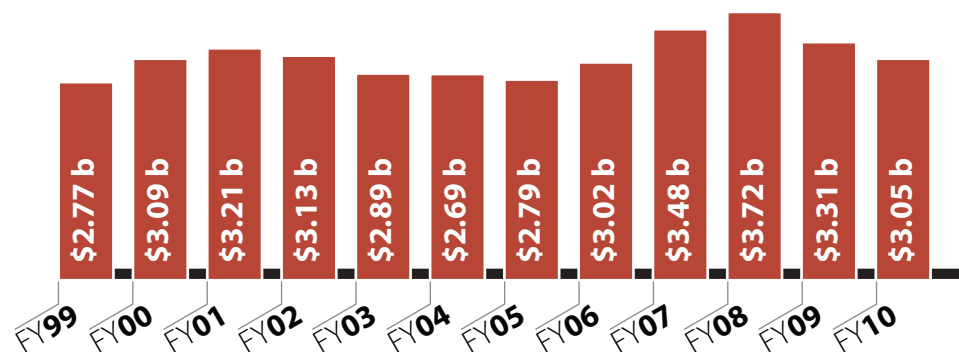
Appendix D Major Revenue Sources

The revenue sources described in this section account for \$45,256,610, or 79 percent of the Town's total operating revenues (excludes inter-fund transfers).

Property Taxes

Property (ad valorem) taxes attach as an enforceable lien on property as of each January 1st. The Town's property tax is levied each October 1st on the assessed value listed as of the prior January 1st for all real and business personal property located in the Town. Assessed values are established by the Dallas Central Appraisal District at 100 percent of the estimated market value and certified by the Appraisal Review Board. The assessed taxable value for the roll as of January 1, 2010, upon which the fiscal year 2011 levy is based, is \$3,058,773,720. This amount is net of approximately \$415,674,023 (representing 13.6 percent of taxable value) of agricultural, homestead, over-65, disabled veteran, and other exemptions. New construction valued at \$54,642,810 is included on the certified roll, of which \$32.8 million is related to the Vitruvian Park development (discussed in more detail in the Town Chronicle section). The 2010 tax roll is 7.6 percent less than the 2009 certified roll and down a total of 18 percent from the 2008 certified roll. The decrease in values is due, in large part, to the downturn in the national economy. Over the last year, the local economy has slowed, resulting in lower occupancy rates for both hotels and office buildings. However, Addison recognizes that the local economy is cyclical and expects to recover as the economy stabilizes and as the Town continues to realize increased values related to the Vitruvian Park development.

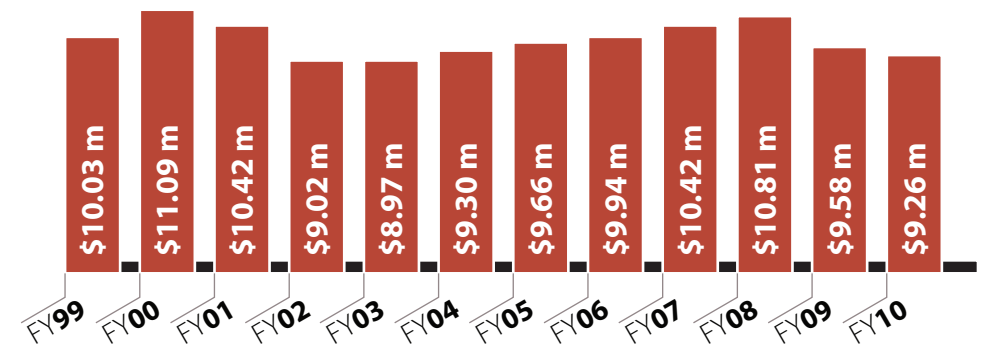
Assessed Valuation of Taxable Property as of January 1st (in billions)



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, 2011 is 53¢ per \$100 of valuation, of which 34.79¢ is allocated for general government operation and maintenance and 18.21¢ is allocated for retirement of 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 percent of its appraised value and are prohibited from applying any assessment ratios. The value of property within the appraisal district must be reviewed every five years; however, the Town may, at its own expense, require annual reviews of appraised values. The Town may challenge appraised values established by the district through various appeals and, if necessary, legal action. Under this arrangement the Town continues to set tax rates on property. However, if the tax rate, excluding tax rates for retirement of bonds and other contractual obligations, adjusted for new improvements, exceeds the rate for the previous year by more than 8 percent, qualified voters of the Town may petition for an election to determine whether to limit the tax rate to no more than 8 percent above the tax rate of the previous year. The tax rate that equates to an 8 percent increase above the prior year rate is known as the "rollback rate." The FY2011 tax rate adopted by the Town is less than the calculated 59.2513¢ rollback rate.

Sales Tax Revenue (in millions)



Taxes are due January 31st following the October 1st levy date and are considered delinquent after January 31st of each year. Based upon historical collection trends, current tax collections for the year ending September 30, 2011 are estimated to be 97.5 percent of the levy and will generate \$15,806,200 in revenues. Delinquent taxes and penalties are expected to produce an additional \$17,000.

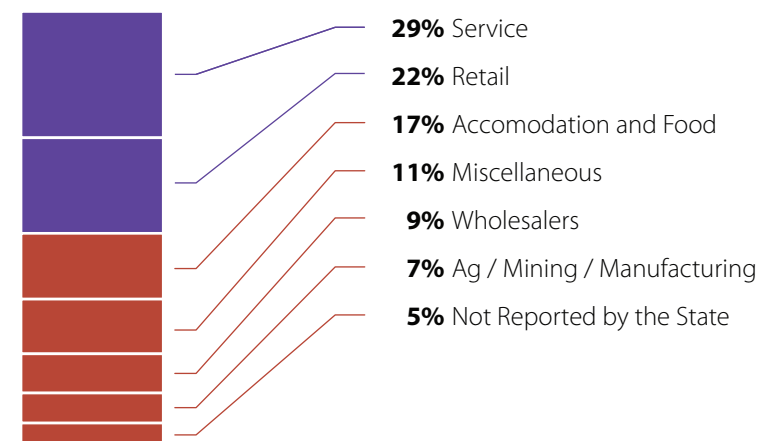
Sales Tax

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

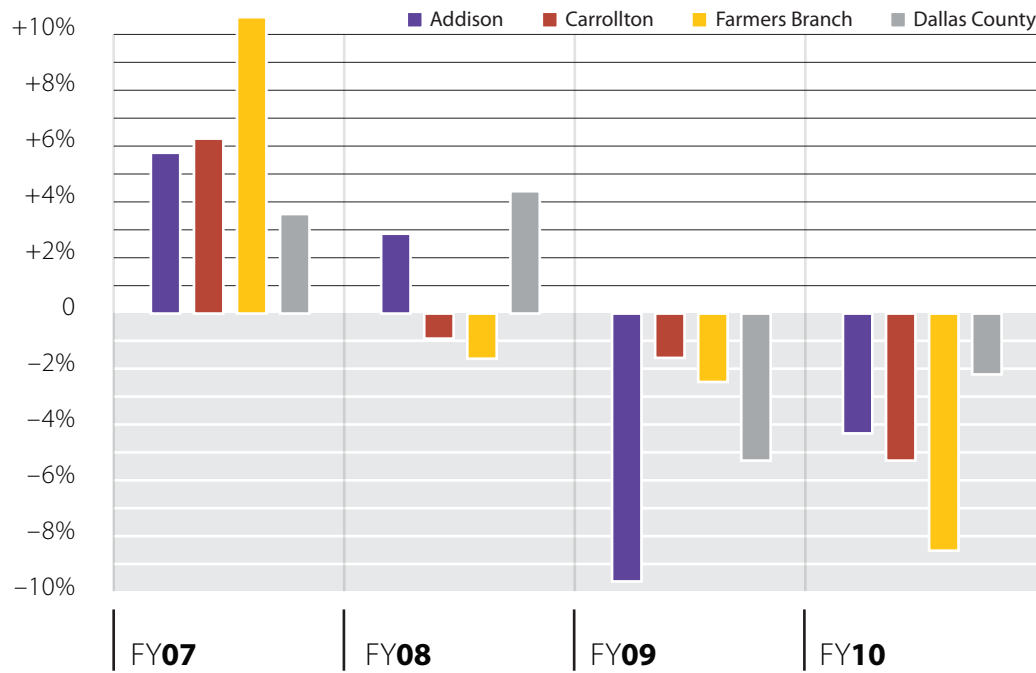
For the year ending September 30, 2011, the Town of Addison expects to receive \$9,377,780 in sales and use tax revenue. This amount represents a minor increase over the projected FY2010 collections of \$9,263,300. Monthly collections during FY2010 averaged about 4.4 percent below what was collected in FY2009. Similarly, Dallas County experienced a 2.4 percent decrease and the State experienced a 2.9 percent decrease from FY2009. This decrease in Town sales tax collections is attributed to the national economic decline over the past two years. Economic forecasts predict that the State and regional economies will remain flat in the near-term, with gradual improvement through the five year horizon.

Another sales tax levied by the State is the alcoholic beverage tax which is applied against all mixed drinks and packaged liquor sold in the Town. The tax is 14 percent of the sales price and, like the general sales tax, is collected by the State. The Town's share of the dollar revenues

Breakdown of FY2010 Sales Tax Revenue by Economic Category



Sales Tax Receipts Year-Over-Year Percentage Change



generated by the tax is 10.7143 percent, which is expected to produce \$960,000 for the 2011 fiscal year. Although Addison has less than 15,000 residents, its concentration of hotels and restaurants make it the 12th highest city in Texas for alcoholic beverage sales in 2010, surpassing Irving with a population of 213,700 and Frisco with a population of 107,050 (NCTCOG 2010 estimates).

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

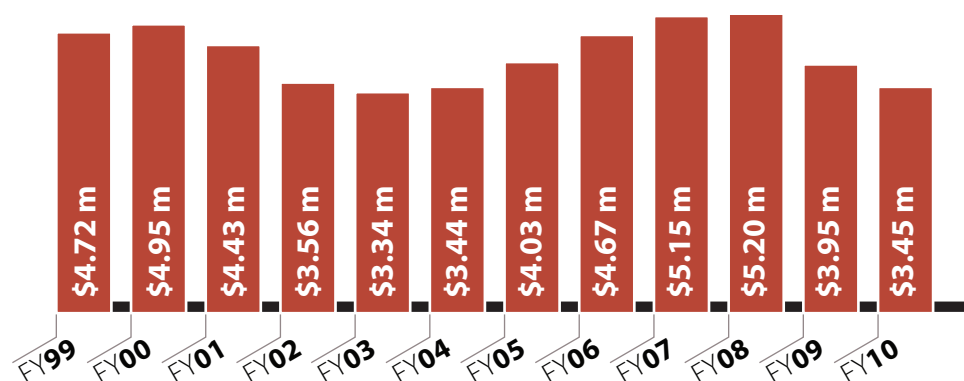
days are exempt from paying the tax.

Due to the national economic downturn, hotel occupancy taxes declined nearly 25 percent between FY2008 and FY2009. In FY2010, the decline in hotel occupancy taxes slowed and is estimated to be \$3,450,000. For the year ending September 30, 2011, the Town expects occupancy taxes to remain relatively flat at \$3,550,000. Addison's collection of hotel occupancy tax ranks it in the top 25 in the State in 2010, ahead of cities like Richardson with a population of 101,200 (NCTCOG 2010 estimates).

Franchise Fees

Effective January 1, 2002, the method of collecting franchise payments changed with the partial deregulation of electric power in Texas. In the past, the Town received franchise fee payments once

Hotel Occupancy Tax Revenue (in millions)



Percentage of FY2010 Hotel Occupancy Tax Receipts by Establishment

Establishment	Number of Rooms	Percentage of Revenue
Full Service		
Marriott Quorum	535	18.8%
Hotel InterContinental	532	18.3%
Crowne Plaza	429	11.6%
Extended Stay		
Budget Suites	344	0.5%
Best Western	70	1.2%
Marriott Residence Inn	150	4.4%
Summerfield Suites	132	2.8%
Homewood Suites	128	4.7%
Springhill Suites	159	4.6%
Business Moderate		
Marriott Courtyard Quorum	176	5.7%
LaQuinta Inn	152	3.1%
Marriott Courtyard Proton	145	3.5%
Holiday Inn Express	102	3.3%
Hilton Garden Inn	96	4.2%
Holiday Inn - Arapaho	101	2.4%
Comfort Inn	86	0.7%
Economy		
Motel 6	126	1.9%
Hampton Inn	159	4.7%
Quality Inn	115	1.1%
Comfort Suites	78	1.5%
Super 8	78	0.7%
Best Value	60	0.3%
Total	3,953	100.0%

per year based on 4 percent of Oncor's total electric sales within Addison. Under deregulation, the franchise fee payment has been replaced by a per kilowatt hour fee. The fee is calculated by taking the total franchise amount paid by Oncor to Addison in 1998 and dividing the amount by the number of kilowatt hours sold that same year. That fee was calculated to be \$0.0025441. Competing retail electric providers (REPs) will collect a per kilowatt charge from their customers and then remit the fee to Oncor's regulated transmission and distribution company. Oncor will then pay the Town the fee revenue collected from the REPs. The Town expects to receive \$1,500,000 as an electric franchise fee payment in FY2011.

Deregulation of the telecommunications industry and Federal laws governing the treatment of telecommunication companies by cities caused the Texas State Legislature to review the methods by which cities are compensated by telecommunication companies for use of public right-of-ways. A law was passed in 1999 that required cities to be compensated based on the number and type of telecommunication access lines each company has in a particular jurisdiction. This method of compensation is different from the percentage of gross receipts formula historically used by most cities. The law was passed with the goal of maintaining the cities' revenue base. Using guidelines promulgated by the Texas State Public Utilities Commission,

cities across the state developed access line fees that were implemented July 1, 2000. In Addison, the computed fees that are added to telecommunication customer monthly bills are as follows:

- Category 1
(Residential lines) **\$1.04**
- Category 2
(Non-residential or business lines) **\$2.51**
- Category 3
(Point-to-point or dedicated lines) **\$4.99**

The FY2011 budget anticipates \$650,000 from telecommunication access line fees. This is actually an increase compared to the \$560,000 budgeted in FY2010. While this revenue source has seen significant decline in past years with the movement away from traditional land line telephone service, the popularity of “bundle” packages where customers can bundle land line telephone, Internet, and cable services has created a minor resurgence in this revenue source.

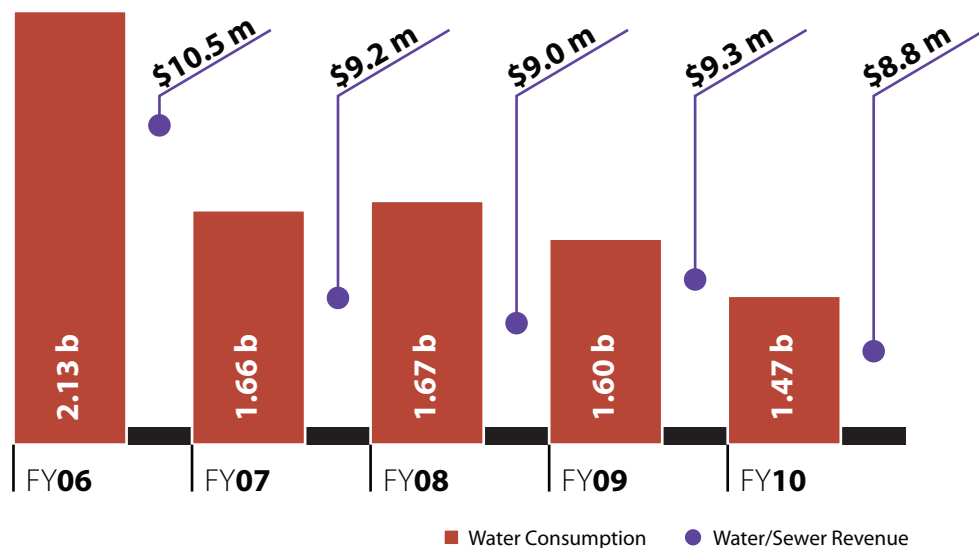
Utility Fees

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

For FY2011, the Town Council approved an adjustment in water and sewer rates in order to support increased operating expenses, debt service associated with capital projects of previous years, and future capital projects needed to maintain the Town’s water and sewer systems. Under these rates, each customer will pay a minimum monthly bill depending upon how their account is classified. For example, a single-family customer will pay a minimum bill of \$10.34 for water which includes 2,000 gallons. At the other end of the scale, an industrial customer with a meter greater than two inches in size pays a minimum bill of \$86.29 with an allowance of 37,000 gallons. Sewer charges are dependent upon the volume of water consumed and are structured similar to the water rates. The 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 \$69.78.

The Town’s rate schedule includes a conservation water rate that was first implemented in 2003. This rate applies to all customers with irrigation meters and single-family customers who consume more than 15,000 gallons in a month. The conservation rate is \$4.35 per 1,000 gallons compared to the base water rate of \$2.17 per 1,000 gallons.

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



Utility Accounts and Revenues by User Type

Customer Classification	FY2009 - 2010		Sewer	
	Number of Accounts	Percent of Revenues	Number of Accounts	Percent of Revenues
Single Family	1,683	12.7%	1,680	14.0%
Multi-Family	129	12.2%	129	29.7%
Municipal/School	28	0.9%	27	2.0%
Irrigation	613	49.2%	0	0.0%
Hotel/Motel	31	5.6%	30	10.5%
Commercial	652	17.4%	635	43.4%
Fire Meter	323	1.8%	0	0.0%
Industrial	11	0.2%	11	0.4%
Total	3,470	100%	2,512	100.0%

Above is a distribution of customers by classification and the approximate percentage of contribution each classification made to water and sewer operating revenues in FY2010. For the 2010–2011 budget year, the Town’s Utility Fund anticipates receiving \$5,462,500 from the sale of water and \$4,702,500 from sewer fees. The total utility fees represent an 9 percent increase over the previous year’s budget due to the rate increase.

Intergovernmental Revenue

The Town continues to seek various intergovernmental revenue opportunities and created several separate funds to track these revenues and their related expenditures as part of the FY2011 budget. The Town anticipates receiving \$2,760,000 in intergovernmental revenue in FY2011, a nearly 125 percent increase over what was received in FY2010. The Town anticipates receiving \$2.5 million in grant funding for various construction projects related to the Vitruvian Park development and new George H.W. Bush Elementary School. The FY2011 budget also includes nearly \$160,000 in intergovernmental revenue related to public safety initiatives. The Airport Fund is expected to receive \$50,000 from TxDOT for minor maintenance projects at Addison Airport.

Appendix E

Long-Term Financial Plans

Narrative

In accordance with the Town's financial policies, the 2010–2011 budget was developed in context of long-term financial plans. The plans anticipate funding needs and available revenues and forecast methods for matching future revenues and expenses. Plans have been developed for all the Town's major operating funds: General, Hotel, Airport, and Utility. Each plan presents the fund over seven fiscal years: two previous years, the adopted "base year" budget for fiscal year 2011, and four projected years.

There are several benefits to these plans. First, the plans give future Councils a valuable perspective when considering budgets within each plan's five-year horizon. Second, the plans impart a measure of discipline on Town staff. The plans establish funding ceilings on recurring operating expenditures. Department directors may only exceed these ceilings by presenting requests to the City Manager and Council that provide new or expanded services to the community. Operating budgets are increased only when Council votes to approve each request.

Finally, the plans help the Town in absorbing the impact of economic booms and busts. The Town of Addison is particularly susceptible to economic fluctuations due to its dense commercial base. Although the Town has less than 15,000 residents (NCTCOG 2010 estimates), because of its office buildings, hotels, restaurants, and shops, it is estimated that the Town serves a population in excess of 150,000.¹ By capping operating expenditures, revenue generated by an economic "boom" is added to fund balance so that funds are available to support city services when the inevitable economic "bust" arrives. This aspect of the plans is exercised in all four operating funds with the planning horizon beginning with the 2011 fiscal year.

The national economic recession is impacting the Town of Addison, especially in the General Fund with sales tax revenue and the Hotel Fund with occupancy tax revenue. Fund balances are gradually being drawn down over the five-year planning period to mitigate the curtailment of expenditures and contraction of city services. However, fund balance is a finite resource and cannot be tapped indefinitely. If the economy does not recover within the planning horizon, the Town is prepared to

take other steps, including modifying the scope of services to protect the Town's financial integrity.

General Fund Long-Term Plan

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

1. Non-property taxes declined 3.2 percent from 2009 to 2010. The 2011 budget assumes that there will be less than 2 percent growth in these taxes. The projected years of 2012 through 2015 assume modest 3 percent annual increases.
2. Property tax revenue is dependent on two variables: appraised value and the tax rate. Property values for 2010 (used for the 2011 levy) declined 7.6 percent, the second consecutive year of declining values. From 2009 through 2010, values have declined a cumulative 18.7 percent. The decline is attributed to the supply of office and commercial space exceeding demand, which dampens leasing rates and leads to reduced market values of the properties. To accommodate the reduction in values the tax rate was increased from 49.60¢ per \$100 assessed values to 53.00¢. The net effect of the declining values and increased rate was a \$304,700 reduction in the tax levy for the General Fund. The General Fund long-term plan assumes a stabilization of property values in fiscal year 2012 with approximately \$88 million of new construction associated with the Vitruvian Park development and the new Methodist Hospital for Surgery.² The financial plan anticipates that for fiscal years 2013–2015 property values begin to recover and increase an average 3 percent, plus an average \$80 million over each of those three years in new construction. The plan assumes a minor increase of the tax rate in 2012 to 53.79¢ before dropping the next three years.
3. All other revenues during the planning horizon are expected to increase a modest 2 percent per year.
4. The majority of the General Fund's expenditures are associated with employee compensation; over 68 percent of the 2011

budget is allocated for this category. The base 2011 year budget for personal services is \$295,000 less than the 2010 budget due to deletions of vacant positions equal to 5.8 FTE. Future years project no increase in compensation except for a 3 percent merit increase scheduled for the 2013 fiscal year. General Fund staffing is scheduled to remain constant at 228.6 FTE.

5. The 2011 budget reflects a \$139,000 increase in appropriations for maintenance projects associated with the Town's streets and facilities. However, appropriations for maintenance are budgeted at \$500,000 in 2012 and \$600,000 in fiscal years 2013 through 2015.
6. The General Fund makes contributions to the Town's Capital and Information Technology Replacement Funds that essentially amortize capital equipment used by General Fund operations so that when the equipment needs to be replaced, resources have been accumulated to purchase replacement equipment. An analysis revealed that over the years, excess fund balances have accrued to these funds. Due to diminished General Fund resources, the 2010 budget suspended contributions to the funds. However, these contributions are reinstated in 2011 and the remaining years of the plan.
7. Other expenditures are capped at 2011 levels. Any inflationary increase in supplies or contractual services will have to be accommodated through operational efficiencies or reductions to scope of services delivered to the public.
8. For fiscal years 2011 through 2014, expenditures are projected to exceed revenues by an average \$1,035,000. As a result, fund balances gradually decline through 2014, when the \$6,480,660 fund balance declines to 22.1 percent of operating expenditures. However, by 2015 revenues are projected to exceed expenditures by approximately \$432,000. If the economy does not recover during the five-year planning horizon, then the Town will have to seek new revenue sources, reduce scope of city services, or a combination of these actions.

Hotel Fund Long-Term Plan

Addison's hotels cater to the business traveler and therefore are tied to the national and regional economies. Because of the national recession, hotel occupancy tax revenues in 2010 declined an estimated 12.8 percent over the previous year. The plan reflects the following assumptions:

1. Hotel occupancy tax revenue for the 2011 budget is expected to increase only \$100,000 over estimated 2010 numbers. For the 2012–2015 planning period, revenues from the tax are expected to increase a modest 3 percent per year. The inventory of hotel rooms is assumed to remain constant at 3,953.
2. By increasing admission fees and corporate sponsorships, proceeds from special events are estimated to increase \$464,000 in 2010 compared to 2009. These additional revenues are expected to continue and experience 3 percent annual increases for the planning horizon.
3. Rental of the Addison Conference Centre and Theatre is expected to increase 2 percent per year. The new "Visit Addison" visitor and arts center is expected to generate \$225,540 in rental income in its first year of operation and \$366,000 each of the following four years.
4. Operating expenditures are forecasted to be capped at 2011 levels.
5. A major component of the fund is the addition of the "Visit Addison" visitor and arts center in the Village on the Parkway retail center. During the 2010 fiscal year, the Hotel Fund supported \$825,000 for the conversion and leasing of approximately 26,000 square feet of vacant retail space. For fiscal years 2011 through 2015, the annual net operating cost (expenditures less associated income) of the entire facility is projected to total \$1,996,270, or an average \$399,250 per year.
6. The fund also reflects an average annual debt service of around \$670,000 for retirement of certificates of obligation that were sold to finance construction of the Arts and Events District.

7. The plan reflects expenditures exceeding revenue an average \$523,000 from fiscal year 2011 through 2015 with fund balance shrinking to \$650,070 or about 10 percent of operating expenditures. Unlike other funds where expenditures are directly related to critical public services, much of the Hotel Fund's budget is associated with marketing and the production of special events which can be reduced should hotel occupancy taxes fail to recover in future years.

Airport Fund Long-Term Plan

The goal of the Airport's plan is to generate sufficient revenues to support operating expenses as well as fund capital projects in order to minimize the issuance of debt.

1. Operating revenue increased slightly in 2010, reflecting a possible recovery associated with the national recession impacting general aviation travel. Revenues are expected to increase 7.2 percent for the 2011 budget due to new development on the airport that will increase ground lease income and fuel flowage fees. For fiscal years 2012 through 2015, revenue is expected to increase only 3 percent per year assuming no rental or fuel fee rate increases during the planning period.
2. Operating expenses for the 2011 budget are significantly different from those of previous years due to a modification of the operating agreements with the companies the Town has contracted with to operate and maintain the airport.³ Under the revised agreements, direct costs of the management companies are supported by the Airport Fund with a corresponding reduction in service contract fees. Operating expenses for 2011 are \$320,000 greater than reflected in the previous year's budget with the increase attributed to an expanded scope of maintenance projects.
3. The plan recognizes the debt service associated with the issuance of \$4.4 million in certificates of obligation in 2005 to fund the new fuel farm.
4. Sufficient net income is generated during the planning horizon to support all scheduled capital projects including those eligible for FAA/TxDOT matching funding.

5. Primarily due to funding capital projects on a pay-as-you-go basis, ending working capital (fund balance for an enterprise fund) is projected to drop to as little as \$512,710 or 14.6 percent of operating expenses in fiscal year 2012. However, working capital is expected to recover to \$2,200,640 in 2015.

Utility Fund Long-Term Plan

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

1. Operating revenues are determined by the water and sewer rates as well as the volume of water sold and sewer treated. These revenues are highly influenced by weather patterns. Hot, dry summers result in high water sales and somewhat higher sewer sales. Due to a relatively cool, wet year utility operating revenue for 2010 is estimated to be around 12 percent less than budget. In order to generate the revenue needed to meet the fund's operating, capital, and debt service needs, the 2011 budget assumes a 10 percent increase in water and sewer rates combined with an average year in terms of water volume sold. The long-term plan assumes that for fiscal years 2012 through 2015, water sales will grow 3 percent per year based on new residential and commercial development. In order to have sufficient resources for supporting capital projects, the plan also assumes another 10 percent rate increase for the 2012 fiscal year. However, if sales of water surpass expectations, then this rate increase may be mitigated or postponed.
2. Operating expenses, dominated by payments to other governments for the purchase of water and the treatment of sewage, are expected to increase an average 7 percent per year for water purchases and 5 percent for sewer services. These assumptions are based on historic trends over the last five years.
3. From fiscal years 2011 through 2015, net income is expected to average \$2.7 million, which is needed to retire debt principal and fund capital projects.

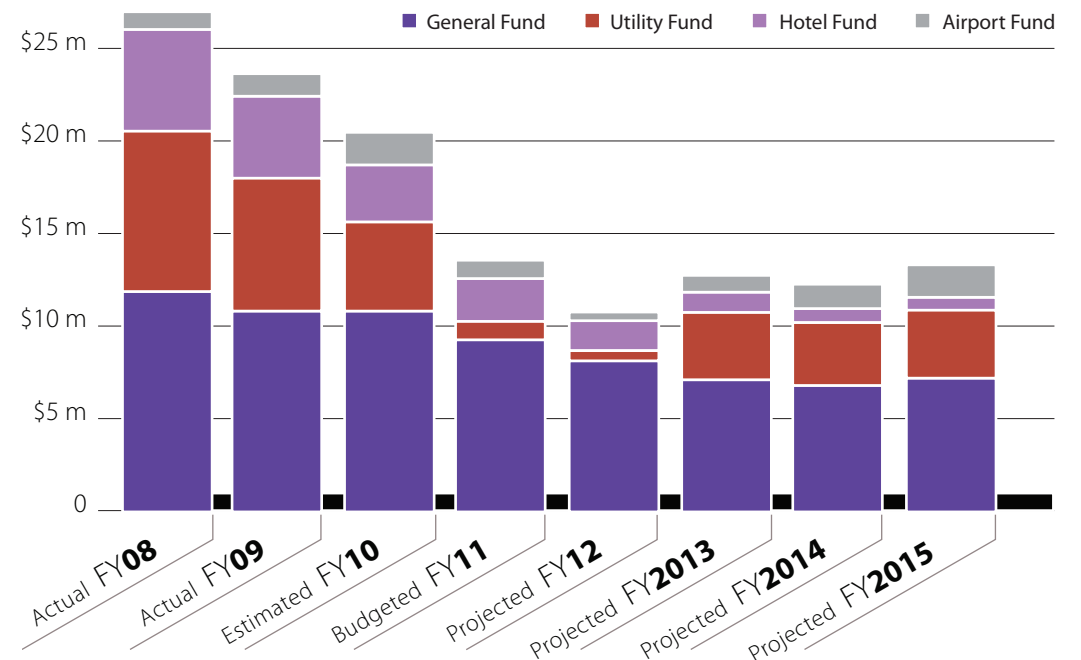
4. Debt service is scheduled to drop significantly in 2013 due to the retirement of debt that had been issued in the 1990's, which will allow for working capital to recover from \$390,710 in 2012 to over \$3.8 million in 2015. The long-term plan also projects the sale in 2013 of \$1.6 million in additional debt services associated with the second phase of the Vitruvian Park development, but the debt service associated with that planned issuance is a fraction of the debt that will be retired in 2013.

Capital Project Long-Term Plan

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

1. Please refer to Appendix D, which discusses the Town's major revenues in context of urban populations.
2. For more information related to new construction in Addison, please refer to the Town Chronicle section of this document.
3. For more information related to the airport operating agreements, please refer to the Airport Fund Narrative section of this document.

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



General Fund Long-Term Financial Plan

	Actual 2008-2009	Estimated 2009-2010
Beginning Balance	\$11,695,930	\$10,652,740
Revenues		
Ad valorem taxes	9,751,967	10,707,230
Non-property taxes	10,520,530	10,178,970
Franchise fees	2,761,511	2,546,590
Licenses and permits	429,681	732,490
Intergovernmental	101,300	-
Service fees	1,400,529	1,462,410
Fines and penalties	1,253,029	1,251,600
Interest income	273,920	107,870
Rental income	151,721	140,680
Miscellaneous	79,033	89,430
Total Revenues	26,723,221	27,217,270
Expenditures		
Personal services	18,683,684	18,944,110
Supplies	1,182,235	1,154,900
Maintenance	2,486,433	1,777,690
Contractual services	4,583,236	4,366,960
Capital replacement/lease	860,572	3,870
Capital outlay	128,060	13,700
Total Expenditures	27,924,220	26,261,230
Net Other Sources (Uses)	157,811	(986,870)
Ending Fund Balance	\$10,652,742	\$10,621,910
Ending Balance as a % of Expenditures	38.1%	40.4%
Debt Issuance Variables		
Beginning debt outstanding	\$58,272,000	\$54,671,900
Principal retired	3,600,100	3,834,520
Principal issued	-	-
Ending Debt Outstanding	\$54,671,900	\$50,837,380
Tax Rate Variables		
Taxable values (thousands)	\$3,421,474	\$3,238,051
General Fund rate	\$0.2828	\$0.3360
Debt Service Fund rate	\$0.1707	\$0.1600
Total Tax Rate	\$0.4535	\$0.4960
Staffing Variable		
Full-time equivalent (FTE) positions	234.4	234.4
Average cost per FTE	\$79,709	\$80,820

***Note: Future transfers out include \$700,000 transfer to Economic Development Fund. Personal services reflect three percent merit increase in FY13. Maintenance includes an additional \$500,000 in FY12 and \$600,000 in FY13 through FY15.**

Budget 2010-2011	Year 1 Projected 2011-2012	Year 2 Projected 2012-2013	Year 3 Projected 2013-2014	Year 4 Projected 2014-2015
\$10,621,910	\$9,009,940	\$7,797,620	\$6,777,320	\$6,480,660
10,386,590	10,675,580	10,951,100	11,218,940	11,479,340
10,337,780	10,647,900	10,967,300	11,296,300	11,635,200
2,607,960	2,660,100	2,713,300	2,767,600	2,823,000
621,080	633,500	646,200	659,100	672,300
-	-	-	-	-
1,346,600	1,373,500	1,401,000	1,429,000	1,457,600
1,225,000	1,249,500	1,274,500	1,300,000	1,326,000
80,000	81,600	83,200	84,900	86,600
153,000	156,100	159,200	162,400	165,600
57,990	59,100	60,300	61,500	62,700
26,816,000	27,536,880	28,256,100	28,979,740	29,708,340
19,003,920	18,853,900	19,430,100	19,430,100	19,430,100
1,237,360	1,237,400	1,237,400	1,237,400	1,237,400
1,917,200	2,343,400	2,394,400	2,394,400	2,394,400
4,400,190	4,391,200	4,291,200	4,291,200	4,291,200
1,073,300	1,223,300	1,223,300	1,223,300	1,223,300
96,000	-	-	-	-
27,727,970	28,049,200	28,576,400	28,576,400	28,576,400
(700,000)	(700,000)	(700,000)	(700,000)	(700,000)
\$9,009,940	\$7,797,620	\$6,777,320	\$6,480,660	\$6,912,600
32.5%	27.8%	23.7%	22.7%	24.2%
\$50,837,380	\$47,518,770	\$43,550,730	\$55,444,970	\$51,128,600
3,318,610	3,968,040	4,125,760	4,316,370	4,591,880
-	-	16,020,000	-	-
\$47,518,770	\$43,550,730	\$55,444,970	\$51,128,600	\$46,536,720
\$3,058,774	\$3,179,511	\$3,354,896	\$3,535,543	\$3,721,609
\$0.3479	\$0.3444	\$0.3348	\$0.3255	\$0.3164
\$0.1821	\$0.1935	\$0.1834	\$0.1886	\$0.1791
\$0.5300	\$0.5379	\$0.5182	\$0.5141	\$0.4955
228.6	228.6	228.6	228.6	228.6
\$83,132	\$82,476	\$84,996	\$84,996	\$84,996

Hotel Fund Long-Term Financial Plan

	Actual 2008-2009	Estimated 2009-2010
Beginning Fund Balance	\$5,715,693	\$4,643,100
Revenues		
Hotel/motel occupancy taxes	3,958,238	3,450,000
Proceeds from special events	1,296,052	1,759,930
Conference Centre rental	438,886	500,000
Other rental	79,939	76,880
Interest and other	114,394	35,920
Total Revenues	5,887,509	5,822,730
Expenditures		
Visitor Services	831,098	848,120
"Visit Addison"	-	-
Marketing	971,113	836,400
Special Events	2,883,177	2,477,870
Conference Centre	973,467	983,570
Performing Arts	557,286	563,100
Capital projects	-	825,000
Total Expenditures	6,216,141	6,534,060
Net Other Sources (Uses)	(743,961)	(670,000)
Ending Fund Balance	\$4,643,100	\$3,261,770
Ending balance as % of operating expenditures	74.7%	57.1%
Hotel Occupancy Tax Variables		
Number of rooms	3,953	3,953
Average revenue per room	\$1,001	\$873

Note: Due to delay in awarding construction bids for "Visit Addison" the capital expenditures estimated for FY10 may be recognized in FY11, requiring an eventual budget amendment.

	Year 1	Year 2	Year 3	Year 4
Budget 2010-2011	Projected 2011-2012	Projected 2012-2013	Projected 2013-2014	Projected 2014-2015
\$3,261,770	\$2,395,430	\$1,690,610	\$1,161,290	\$812,660
3,550,000	3,656,500	3,766,200	3,879,190	3,995,570
1,680,500	1,730,920	1,782,850	1,836,340	1,891,430
500,000	510,000	520,200	530,600	541,210
303,540	447,120	450,360	453,730	457,240
13,800	14,210	14,640	15,080	15,530
6,047,840	6,358,750	6,534,250	6,714,940	6,900,980
1,098,570	1,098,570	1,098,570	1,098,570	1,098,570
440,110	586,800	586,800	586,800	586,800
731,460	731,460	731,460	731,460	731,460
2,392,720	2,392,720	2,392,720	2,392,720	2,392,720
1,028,370	1,030,670	1,030,670	1,030,670	1,030,670
552,950	553,350	553,350	553,350	553,350
-	-	-	-	-
6,244,180	6,393,570	6,393,570	6,393,570	6,393,570
(670,000)	(670,000)	(670,000)	(670,000)	(670,000)
\$2,395,430	\$1,690,610	\$1,161,290	\$812,660	\$650,070
38.4%	26.4%	18.2%	12.7%	10.2%
3,953	3,953	3,953	3,953	3,953
\$898	\$925	\$953	\$981	\$1,011

Airport Fund Long-Term Financial Plan

	Actual 2008-2009	Estimated 2009-2010
Beginning Working Capital	\$960,014	\$1,179,000
Operating Revenues		
Operating grants	60,355	50,000
Fuel flowage fees	627,559	738,400
Rental	3,282,117	3,270,900
User fees	40,881	45,500
Total Operating Revenues	4,010,912	4,104,800
Operating Expenses		
Town - Personal services	269,626	228,120
Town - Supplies	14,271	38,330
Town - Maintenance	161,169	28,800
Town - Contractual services	525,081	577,750
Grant - Operations and maintenance	-	100,000
Operator - Operations and maintenance	1,284,773	1,203,040
Operator - Service contract	881,482	925,000
Total Operating Expenses	3,136,402	3,101,040
Net Operating Income	874,510	1,003,760
Non-Operating Revenues (Expenses)		
Interest earnings and other	88,272	25,000
Interest on debt, fiscal fees and other	(144,325)	(135,000)
Net Non-Operating Revenues (Expenses)	(56,053)	(110,000)
Net Income (Excluding Depreciation)	818,457	893,760
Sources (Uses) of Working Capital		
Retirement of long-term debt	(252,676)	(255,000)
Net additions to fixed assets with grants	-	(47,500)
Other net additions to fixed assets	(346,791)	(29,020)
Net Sources (Uses) of Working Capital	(599,467)	(331,520)
Ending Working Capital	\$1,179,004	\$1,741,240
Ending Working Capital as a % of Operating Expenses	37.6%	56.2%
Uses of Working Capital		
Grant Projects - Capital (Town's Share)		
Automatic weather observation system	\$-	\$15,000
Perimeter security and access control system	-	-
Master plan update	-	-
Runway 15/33 overlay and enhancement	-	32,500
Taxiway rehabilitation	-	-
Total	\$-	\$47,500
Other Projects		
Operating and maintenance equipment	\$21,966	\$29,020
Fuel farm	324,825	-
Total	\$346,791	\$29,020

	Year 1 Projected 2011-2012	Year 2 Projected 2012-2013	Year 3 Projected 2013-2014	Year 4 Projected 2014-2015	
Budget 2010-2011	\$1,741,240	\$993,340	\$512,710	\$880,360	\$1,260,030
Operating grants	50,000	50,000	50,000	50,000	50,000
Fuel flowage fees	846,000	855,400	881,100	907,500	934,700
Rental	3,467,030	3,571,040	3,678,170	3,788,520	3,902,180
User fees	38,400	39,550	40,740	41,960	43,220
Total Operating Revenues	4,401,430	4,515,990	4,650,010	4,787,980	4,930,100
Operating Expenses					
Town - Personal services	254,020	254,020	254,020	254,020	254,020
Town - Supplies	21,800	22,240	22,680	23,130	23,590
Town - Maintenance	29,300	30,180	31,090	32,020	32,980
Town - Contractual services	477,520	487,070	496,810	506,750	516,890
Grant - Operations and maintenance	100,000	100,000	100,000	100,000	100,000
Operator - Operations and maintenance	2,270,090	2,270,090	2,270,090	2,270,090	2,270,090
Operator - Service contract	329,930	344,250	361,000	378,250	396,010
Total Operating Expenses	3,482,660	3,507,850	3,535,690	3,564,260	3,593,580
Net Operating Income	918,770	1,008,140	1,114,320	1,223,720	1,336,520
Non-Operating Revenues (Expenses)					
Interest earnings and other	25,750	26,520	27,320	28,140	28,980
Interest on debt, fiscal fees and other	(125,420)	(115,290)	(103,990)	(92,190)	(79,890)
Net Non-Operating Revenues (Expenses)	(99,670)	(88,770)	(76,670)	(64,050)	(50,910)
Net Income (Excluding Depreciation)	819,100	919,370	1,037,650	1,159,670	1,285,610
Sources (Uses) of Working Capital					
Retirement of long-term debt	(265,000)	(275,000)	(290,000)	(300,000)	(315,000)
Net additions to fixed assets with grants	(1,245,000)	(1,095,000)	(350,000)	(450,000)	-
Other net additions to fixed assets	(57,000)	(30,000)	(30,000)	(30,000)	(30,000)
Net Sources (Uses) of Working Capital	(1,567,000)	(1,400,000)	(670,000)	(780,000)	(345,000)
Ending Working Capital	\$993,340	\$512,710	\$880,360	\$1,260,030	\$2,200,640
Ending Working Capital as a % of Operating Expenses	28.5%	14.6%	24.9%	35.4%	61.2%
Uses of Working Capital					
Grant Projects - Capital (Town's Share)					
Automatic weather observation system	\$-	\$-	\$-	\$-	\$-
Perimeter security and access control system	60,000	-	-	-	-
Master plan update	-	-	50,000	-	-
Runway 15/33 overlay and enhancement	1,130,000	600,000	-	-	-
Taxiway rehabilitation	55,000	495,000	300,000	450,000	-
Total	\$1,245,000	\$1,095,000	\$350,000	\$450,000	\$-
Other Projects					
Operating and maintenance equipment	\$57,000	\$30,000	\$30,000	\$30,000	\$30,000
Fuel farm	-	-	-	-	-
Total	\$57,000	\$30,000	\$30,000	\$30,000	\$30,000

Utility Fund Long-Term Financial Plan

	Actual 2008-2009	Estimated 2009-2010
Beginning Working Capital	\$9,083,573	\$7,470,570
Operating Revenues		
Water sales	4,972,519	4,332,500
Sewer charges	4,108,426	3,817,400
Tap fees	24,210	16,770
Penalties	83,636	68,520
Total Operating Revenues	9,188,791	8,235,190
Operating Expenses		
Water purchases	2,555,204	2,560,500
Wastewater treatment	1,933,859	1,773,200
Utility operations	2,483,206	2,586,160
Total Operating Expenses	6,972,269	6,919,860
Net Operating Income	2,216,522	1,315,330
Non-Operating Revenues (Expenses)		
Interest earnings and other	174,185	43,450
Interest on debt, fiscal fees and other	(835,726)	(628,390)
Net Non-Operating Revenues (Expenses)	(661,541)	(584,940)
Net Income (Excluding Depreciation)	1,554,981	730,390
Sources (Uses) of Working Capital		
Net retirement of long-term debt	(2,183,242)	(2,491,280)
Debt issuance	-	-
Net additions to fixed assets	(1,067,114)	(683,000)
Net increase (decrease) to other assets	82,369	-
Net Sources (Uses) of Working Capital	(3,167,987)	(3,174,280)
Ending Working Capital	\$7,470,567	\$5,026,680

Ending Working Capital as a % of Operating Expenses	107.1%	72.6%
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Uses of Working Capital

	Actual 2008-2009	Estimated 2009-2010
Equipment		
Motor vehicles	\$36,156	\$63,000
Computer hardware	10,962	-
Capital Projects		
Vitruvian Park area utilities rehabilitation	818,367	500,000
Spring Valley water main	-	-
Greenhaven Village water main	-	-
Belt Line water main	-	-
Surveyor elevated storage tank	201,629	120,000
Midway water line rehabilitation	-	-
Lake Forest water main	-	-
Various sewer rehabilitation projects	-	-
Total	\$1,067,114	\$683,000

Note: FY11 budget assumes a 10 percent increase in water and sewer rates with a subsequent 10 percent increase in FY12 and 10 percent rate reduction in FY14.

	Year 1 Projected 2011-2012	Year 2 Projected 2012-2013	Year 3 Projected 2013-2014	Year 4 Projected 2014-2015
Budget 2010-2011	\$5,026,680	\$1,026,020	\$390,710	\$3,746,840
				\$3,570,090
	5,462,500	6,189,040	6,374,700	5,909,300
	4,702,500	5,327,960	5,487,800	5,087,200
	12,670	5,000	5,000	5,000
	70,000	70,000	70,000	70,000
	10,247,670	11,592,000	11,937,500	11,071,500
				\$3,570,090
	2,707,600	2,897,100	3,099,900	3,316,900
	1,980,100	2,079,100	2,183,100	2,292,300
	2,644,680	2,735,700	2,870,500	3,010,700
	7,332,380	7,711,900	8,153,500	8,619,900
				9,112,500
	2,915,290	3,880,100	3,784,000	2,451,600
				2,288,900
	16,500	10,300	3,900	37,500
	(523,680)	(416,890)	(397,560)	(339,080)
	(507,180)	(406,590)	(393,660)	(301,580)
				(288,330)
	2,408,110	3,473,510	3,390,340	2,150,020
				2,000,570
	(2,623,770)	(2,801,820)	(357,210)	(377,770)
	-	-	1,639,000	-
	(3,785,000)	(1,307,000)	(1,316,000)	(1,949,000)
	-	-	-	-
	(6,408,770)	(4,108,820)	(34,210)	(2,326,770)
				(1,774,710)
	\$1,026,020	\$390,710	\$3,746,840	\$3,570,090
				\$3,795,950

	14.0%	5.1%	46.0%	41.4%	41.7%
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	\$135,000	\$ 27,000	\$75,000	\$132,000	\$85,000
	-	-	-	-	-
	-	-	450,000	468,000	771,000
	250,000	-	-	-	-
	-	-	525,000	-	-
	-	-	-	595,000	-
	3,400,000	1,280,000	-	-	-
	-	-	-	610,000	-
	-	-	-	-	350,000
	-	-	266,000	144,000	175,000
	\$3,785,000	\$1,307,000	\$1,316,000	\$1,949,000	\$1,381,000

Appendix F

Capital Projects Summary

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

	Estimated 2009-2010	Budget 2010-2011	Projected 2011-2012	Projected 2012-2013	Projected 2013-2014	Projected 2014-2015
Advanced Funding Grant Fund						
Vitruvian Park Public Infrastructure	\$-	\$1,600,000	\$-	\$-	\$-	\$-
Spring Valley Road/Vitruvian Way Intersection Improvements	-	900,000	-	-	-	-
Reimbursement Grant Fund						
TxDOT Signalization	799,810	-	-	-	-	-
Vitruvian Park Public Infrastructure	500,000	-	-	-	-	-
Street Capital Project Fund						
Street and Lighting Improvement Projects	228,050	236,950	-	-	-	-
Ashton Woods Development Streets	-	258,500	-	-	-	-
Railroad Improvements/Quiet Zones	-	300,000	-	-	-	-
Keller Springs Road/Addison Road Intersection	-	211,990	-	-	-	-
Parks Capital Project Fund						
Redding Trail Extension	69,140	270,210	-	-	-	-
2002 Capital Project Fund*						
Belt Line Road Streetscape	250,000	500,000	550,000	-	-	-
2004 Capital Project Fund*						
Undesignated Street Projects	-	-	440,000	-	-	-
2006 Capital Project Fund*						
Undesignated Residential Lighting Projects	-	180,000	180,000	-	-	-
2008 Capital Project Fund						
Vitruvian Park Public Infrastructure	6,000,000	11,500,000	8,000,000	-	-	-
Spring Valley Road/Vitruvian Way Intersection Improvements	1,500,000	600,000	-	-	-	-
Future Capital Project Funds*						
Belt Line Road Streetscape and Interchange	-	-	-	-	-	10,825,000
Airport Fund						
Runway 15/33 Overlay and Enhancement (Local Share)	32,500	1,130,000	600,000	-	-	-
Taxiway Rehabilitation (Local Share)	-	55,000	495,000	300,000	450,000	-
Various Airport Improvements (Local Share)	15,000	60,000	-	50,000	-	-
Utility Fund						
Vitruvian Park Area Utilities Rehabilitation	500,000	-	-	450,000	468,000	771,000
Surveyor Elevated Storage Tank	120,000	3,400,000	1,280,000	-	-	-
Spring Valley Water Main	-	250,000	-	-	-	-
Greenhaven Village Water Main	-	-	-	525,000	-	-
Belt Line Water Main	-	-	-	-	595,000	-
Midway Water Line Rehabilitation	-	-	-	-	610,000	-
Lake Forest Water Main	-	-	-	-	-	350,000
Various Sewer Rehabilitation Projects	-	-	-	266,000	144,000	175,000
Total Capital Projects	\$10,014,500	\$21,452,650	\$11,545,000	\$1,591,000	\$2,267,000	\$12,121,000

Escape the daily
grind with Addison's
dazzling nightlife.



Appendix G

Glossary of Terms

A

Accounts Payable – A liability account reflecting amount of open accounts 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 or services furnished by a government.

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

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

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

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

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

ARRA – Acronym for American Recovery and Reinvestment Act. Passed in 2009 by the Federal government, the Recovery Act seeks to create new jobs, spur economic activity, and encourage accountability and transparency in government spending. The Town received three ARRA grants during FY2010, all of which were related to public safety initiatives.

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, liability and equities of an entity at a specific date in conformity with Generally Accepted Accounting Principles (GAAP).

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

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

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

C

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

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

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

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

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

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

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

D

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

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

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

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

E

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

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

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

F

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

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

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

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

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

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

FY – Acronym for fiscal year, a 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position and the results of its operations. The Town of Addison's fiscal year begins October 1st and ends the following September 30th. The term FY2011 denotes the fiscal year beginning October 1, 2010 and ending September 30, 2011.

G

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

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

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

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

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

M

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

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

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

N

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

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

NTTA – Acronym for the North Texas Tollway Authority which manages the Dallas North Tollway and the Addison Airport Toll Tunnel which both run through Addison.

O

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

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

P

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

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

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

Project 2030 – Visioning process to identify specific goals in the areas of public safety, transportation, infrastructure, aviation, business development, special events, residential and community, parks and recreation and education to be achieved by 2030.

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

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

R

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

S

Sliplining – The process of restoring deteriorated sewer (wastewater) lines. The process involves inserting a “sock” of special material through the length of line, which, when filled with hot water, cures to produce a hard, seamless pipe.

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

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

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

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

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

T

Taxes – Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessment. Neither does the term include charges for services rendered only to those paying such charges as, for example, sewer service charges.

TCEQ – Acronym for Texas Commission on Environmental Quality. A state agency for enforcing federal and state environmental laws.

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

W

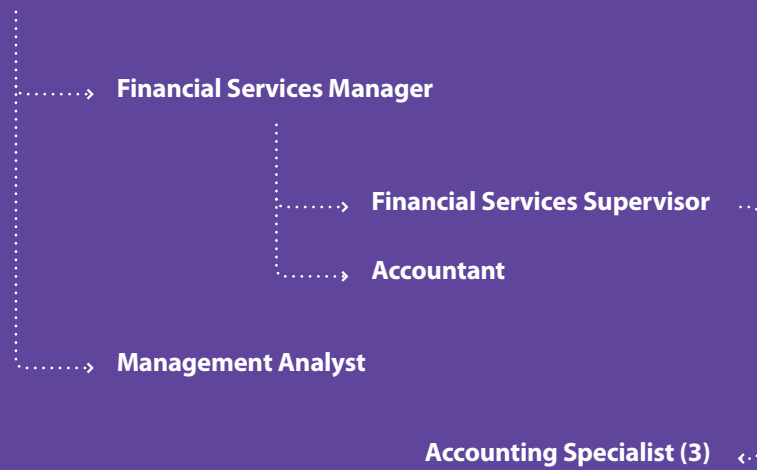
Working Capital – The amount of current assets which exceeds current liabilities.

Appendix H Organization Charts

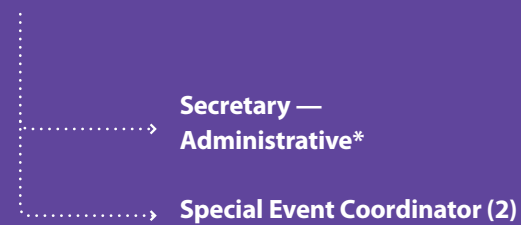
City Manager



Chief Financial Officer



Director — Special Events



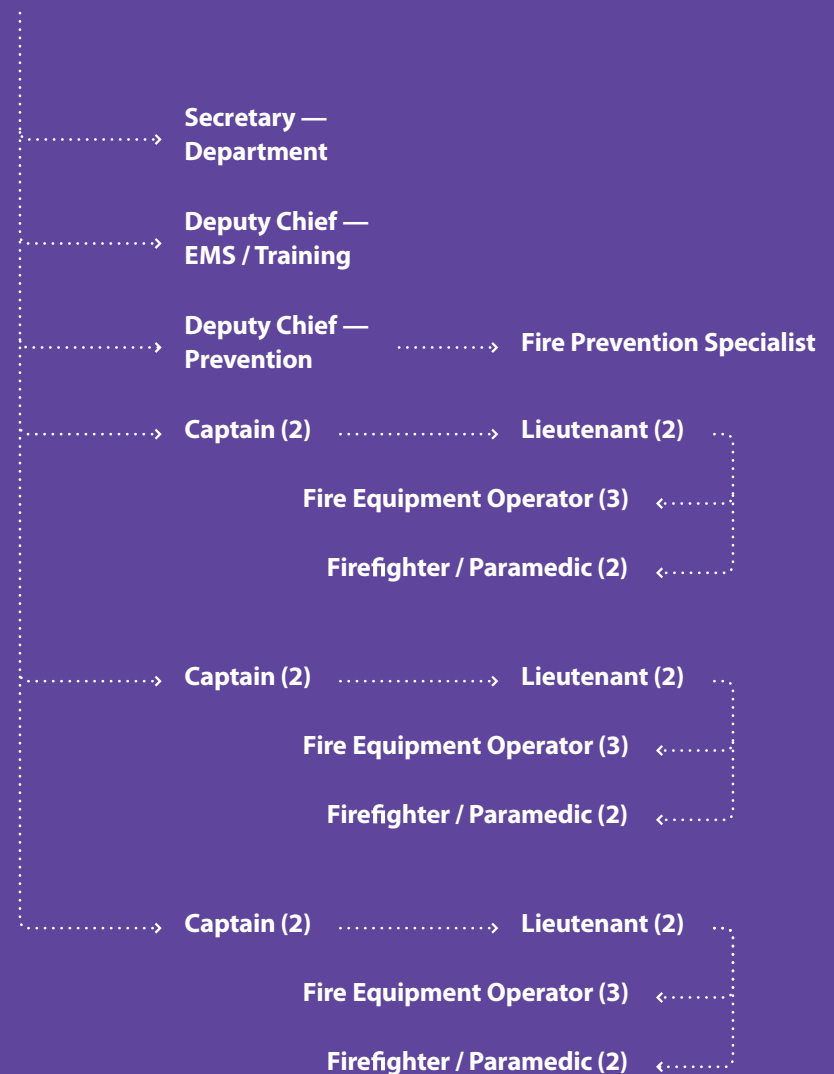
**Position shared with the Parks / Recreation department*

Director — General Services

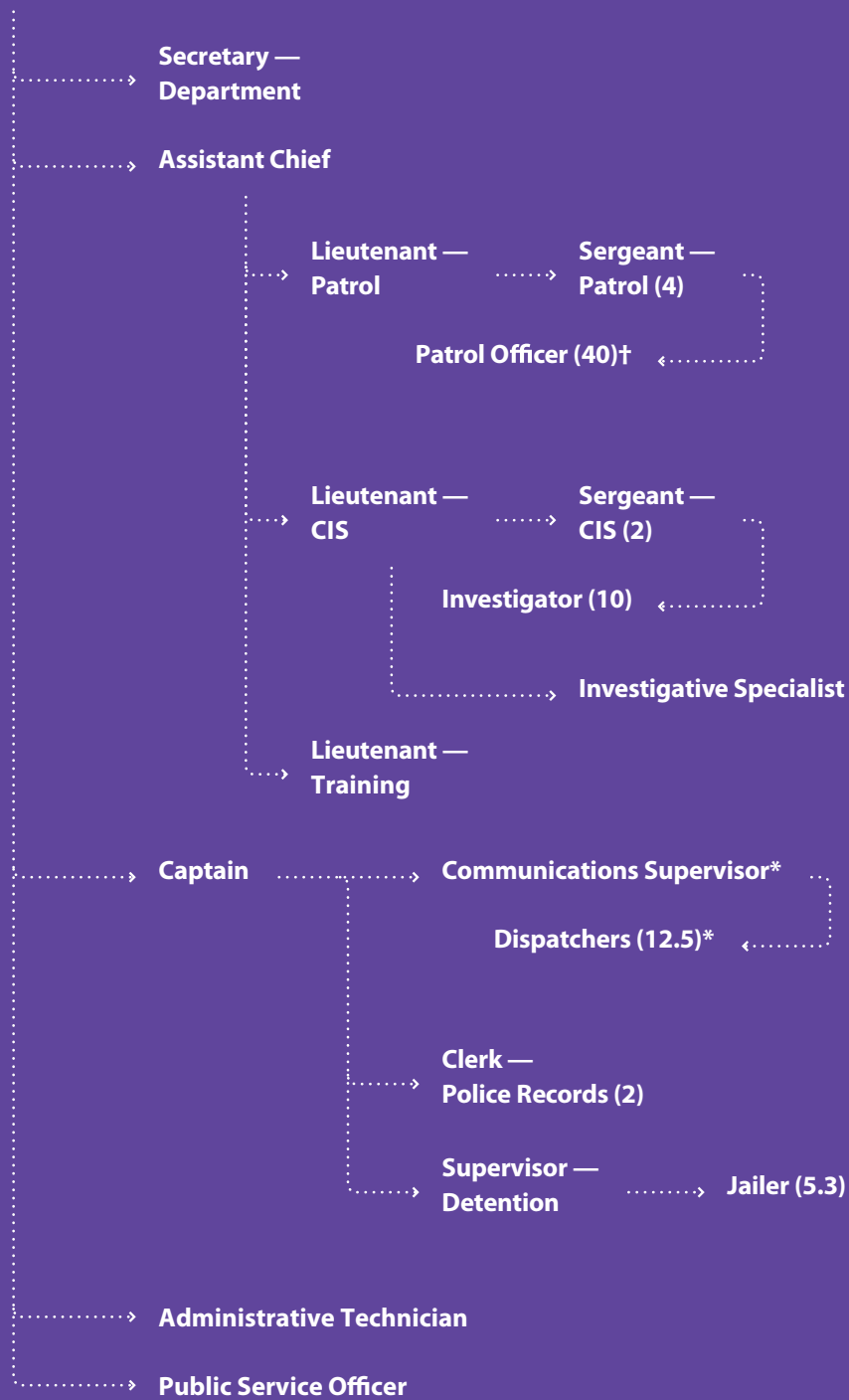


**Position shared with the Information Technology department*

Fire Chief

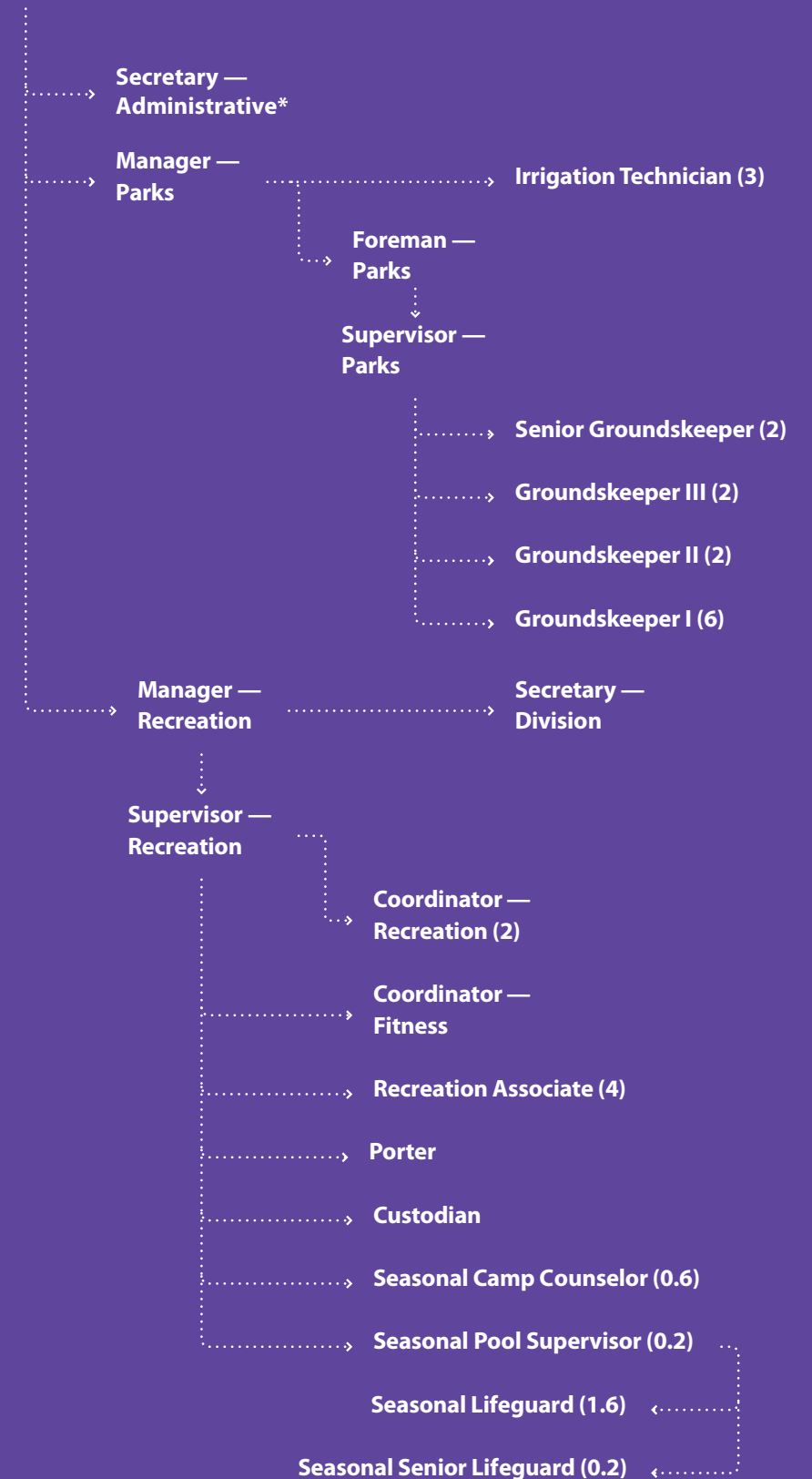


Police Chief



* Positions are reflected in the Emergency Communications Department
 † Two officer positions are reflected in the Airport Fund

Director —
Parks / Recreation



* Position shared with the Special Events department

Director —
Visitor Services



Administrator —
Court



Director —
Human Resources



Director —
Development Services

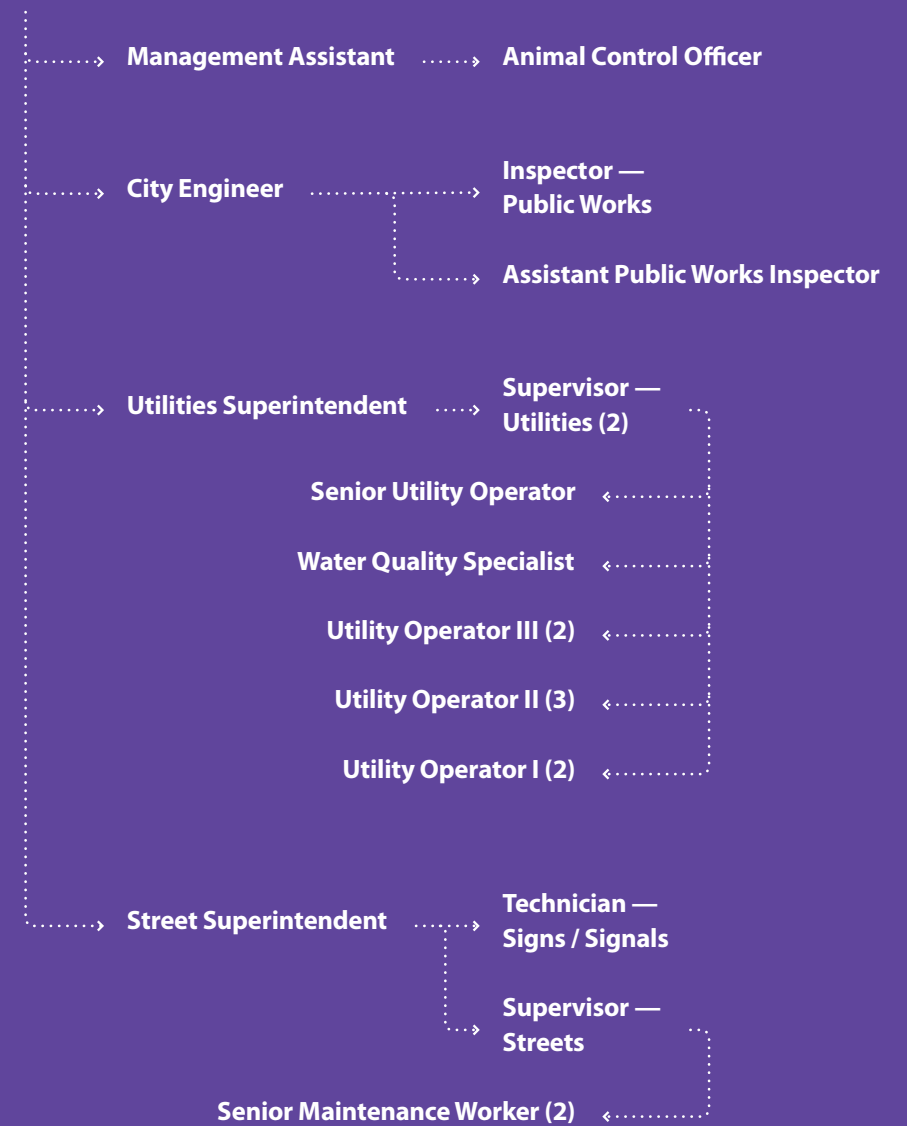



Director —
Information Technology



**Position shared with General Services department*

Director —
Public Works





The sun never
sets on Addison.
It does have some
killer rises though!



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, 2009. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan and as a communications device.

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

The Town was also awarded a Certificate of Achievement for Excellence in Financial Reporting by GFOA for its comprehensive annual financial report (CAFR) for the fiscal year ending September 30, 2009. The certificate is the highest form of recognition for excellence in state and local government financial reporting.

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

Town Staff

Mayor's Office	Joe Chow, Mayor	(972) 450-7026
	City Council	(972) 450-7027
City Manager's Office	Ron Whitehead, City Manager	(972) 450-7027
City Manager's Office	Lea Dunn, Deputy City Manger	(972) 450-7037
City Manager's Office	Chris Terry, Assistant City Manager	(972) 450-7010
Financial and Strategic Services	Randolph C. Moravec, Chief Financial Officer	(972) 450-7050
General Services	Mark Acevedo, Director	(972) 450-2848
Human Resources	Passion Hayes, Director	(972) 450-2819
Information Technology	Hamid Khaleghipour, Director	(972) 450-2868
Police	Ron Davis, Chief	(972) 450-7168
Fire	Chris Kellen/Gordon Robbins, Deputy Chiefs	(972) 450-7203
Development Services	Carmen Moran, Director	(972) 450-2886
Public Works	Nancy Cline, Director	(972) 450-2878
Parks and Recreation	Slade Strickland, Director	(972) 450-2869
Visitor Services	Bob Phillips, Director	(972) 450-6202
Special Events	Barbara Kovacevich, Director	(972) 450-6221

Consultants

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