



# CRIME CONTROL AND FIRE PREVENTION DISTRICTS

Last Updated: February 12, 2024



# PROPOSAL TO VOTERS

- Hold an election on May 4, 2024 to ask voters the following questions:
  - Reallocate a portion of the MIEDC (4A) sales tax and dedicate the sales tax funding to a Crime Control District for Police Investments in the community
  - Reallocate a portion of the MIEDC (4A) sales tax and dedicate the sales tax funding to a Fire Prevention District for Fire Investments in the community and authorize the City Council to serve as the Board of the Fire District

# EXECUTIVE SUMMARY

- Melissa has almost doubled in population since 2019, and the increased population results in an increased demand for public safety services.

Year	Population Estimate	% Growth
2019	13,724	15%
2020	15,460	13%
2021	18,513	20%
2022	21,499	16%
2023	25,201	17%

Source: City of Melissa Permit Numbers and Population Projection Through November 2023

- Building Public Safety services has changed with the passage of SB 2 (2019) that caps property tax increases at 3.5%, as opposed to the previous increase allowed of 8%.
- Hypergrowth cities will have to consider nontraditional methods to growing public safety services. In Melissa's case, this proposal will ask the voters to reallocate a dedicated portion of sales taxes collected for industrial economic development ("MIEDC 4A") to police and fire purposes.
- In 2023, the City received 76 inquiries regarding economic development. Of those contacts, only three inquiries were about a project that would meet the guidelines of the MIEDC (4A), all of which were exploratory in nature and did not result in a project developed or an MIEDC (4A) expenditure.



# EXECUTIVE SUMMARY

- According to the 2015 Melissa Comprehensive Plan, Industrial development (the focus of the MIEDC (4A) sales tax) will be a small percentage of the land use in the City limits.
- In area cities, calls for service generated at commercial properties increase as commercial development increases.
- 88% of those polled in the 2023 Citizen Survey agree or strongly agree that the City needs to increase funding for public safety as the City grows.
- Staff believes this concept may provide an opportunity for financial savings on insurance premiums for residents and businesses.
- If approved, the sales tax authorization for Police and/or Fire would have to be reauthorized by the voters again in 5 years



# WHAT IS THE MIEDC (4A) SALES TAX?

- By state law, the current MIEDC (4A) sales tax is primarily intended for manufacturing and industrial development.
- MIEDC (4A) may use revenue to fund land, buildings, equipment, facilities expenditures, targeted infrastructure and improvements for projects including:
  - manufacturing and industrial facilities, recycling facilities, distribution centers, and small warehouse facilities;
  - certain infrastructure improvements that promote or develop new or expanded business enterprises.

# HOW SALES TAX IS DISTRIBUTED

- Sales tax is levied on the sale of taxable goods and services.
- In Texas, sales tax is administered by the Texas Comptroller of Public Accounts.
- The base sales tax rate in Texas is 6.25%, and city rates can go up to an additional 2%, or a maximum sales tax rate of 8.25%.
- Example on a \$100 taxable purchase in Melissa, Sales Tax totals - \$8.25.



**Existing Rate Distribution**

Entity	Rate	Amount
State of Texas	6.25%	\$6.25
COM General Fund	1%	\$1.00
4A MIEDC	.05%	\$0.50
4B MCEDC	.05%	\$0.50
Total	<b>8.25%</b>	\$8.25

**Proposed Rate Distribution**

Entity	Rate	Amount
State of Texas	6.25%	\$6.25
COM General Fund	1%	\$1.00
CCD – Police	.025%	\$0.25
FPD - Fire	.025%	\$0.25
4B MCEDC	.05%	\$0.50
Total	<b>8.25%</b>	\$8.25

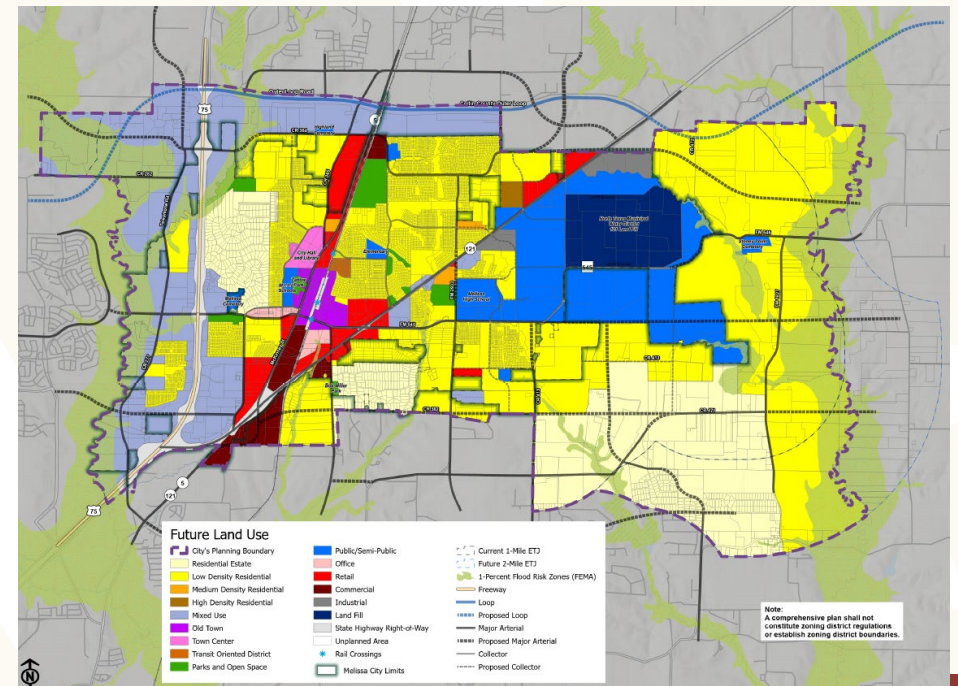
# RATIONALE

- According to the 2015 Melissa Comprehensive Plan, Industrial development (the focus of the MIEDC (4A) sales tax) will be ~ 1% of the land use in the City limits.
- SB 2038, effect September 1, 2023, allows individuals to 'opt out' of a city's ETJ with no notice to nearby property owners, no oversight by any branch of government, and without the requisite legislative consent of the governing body. Therefore, ETJ properties may never be incorporated into the City limits.

Table 11-11. Existing Land Use of City Limits, 1-Mile ETJ, 2-Mile ETJ, and Total Planning Area (2023)

Existing Land Use	City Limits		1-Mile ETJ		2-Mile ETJ		Total Planning Area		
	Acres	%	Acres	%	Acres	%	Acres	%	Acres/100 Residents
<b>Residential</b>									
Agriculture/Ranch	-	0.0%	263	10%	3	0.3%	266	3%	1
Single Family	1,970	36%	1,430	54%	995	91%	4,396	48%	19
Multi-Family	13	0.2%	-	0.0%	-	0.0%	13	0.1%	0.1
Manufactured Home	85	2%	170	6%	29	3%	284	3%	1
<b>Nonresidential</b>									
Parks and Open Space	370	7%	0.2	0.0%	-	0.0%	370	4%	2
Public/Semi-Public	1,714	31%	41	2%	-	0.0%	1,755	19%	7
Office	10	0.2%	0.1	0.0%	-	0.0%	10	0.1%	0.0
Retail	41	1%	2	0.1%	-	0.0%	43	0.5%	0.2
Commercial	71	1%	12	0.4%	-	0.0%	82	1%	0.3
Industrial	118	2%	344	13%	-	0.0%	462	5%	2
Utility	5	0.1%	8	0.3%	-	0.0%	14	0.1%	0.1
Right-of-Way	1,107	20%	378	14%	64	6%	1,549	17%	7
<b>Developed Subtotal</b>	<b>5,504</b>	<b>65%</b>	<b>2,647</b>	<b>35%</b>	<b>1,092</b>	<b>31%</b>	<b>9,242</b>	<b>47%</b>	<b>39</b>
<b>Vacant (Inc. Buildings)</b>	<b>2,998</b>	<b>35%</b>	<b>4,811</b>	<b>65%</b>	<b>2,430</b>	<b>69%</b>	<b>10,239</b>	<b>53%</b>	<b>43</b>
<b>Total</b>	<b>8,501</b>		<b>7,458</b>		<b>3,522</b>		<b>19,481</b>		<b>82</b>

Note: Based on an existing planning area population of 23,753 (21,290 City limits + 1,526 in current ETJ + 937 in future ETJ)





# RATIONALE

- The City also has multiple levels of redundancy for the same economic development incentives.
  - The City Council has the following tools to participate/offer/develop incentives if needed:
    - Property tax abatements
    - Sales tax sharing
    - Fee reimbursements
    - PID creation, etc
  - Melissa Community and Economic Development Corporation (4B) has the same authority of the MIEDC (4A), plus quality of life and commercial/retail support.





# RATIONALE

- Zactax evaluated sales taxes collected by the City and estimated that 54% - ~80% of sales taxes are currently paid by non-residents.

Date	No Leakage	25% Leakage	50% Leakage
<b>Avg Household Retail Spending</b>	\$39,340	\$39,340	\$39,340
<b>Number of Households</b>	6,349	6,349	6,349
<b>Total Disposable Retail</b>	\$249,770,295	\$187,327,721	\$124,885,147
<b>All Possible Retail Sales Tax from Residential</b>	\$4,995,406	\$3,746,554	\$2,497,703
<b>2022 Sales Tax</b>	\$6,470,000	\$6,470,000	\$6,470,000
<b>Imported Nonresidents Sales Tax</b>	\$1,474,594	\$2,723,446	\$3,972,297
<b>% of Sales tax driven by non-residents</b>	<b>29.52%</b>	<b>54.52%</b>	<b>79.52%</b>

- If this proposal is accepted by the Melissa residents and based on the Zactax analysis, visitors would contribute directly to public safety services through their purchases of taxable goods and/or services.

# RATIONALE

- Melissa has over 121,000 vehicles traveling through Melissa daily (2022 TxDOT count), which equates to a **City with a population of ~71,000 persons (Source: WS Beng).**
- The table below compares area cities who are more commercially developed as compared to Melissa and the percentage of calls for service generated at a commercial address.

Police Department	Calls for Service	CFS @ Businesses	% of CFS @ Businesses
<b>Melissa</b>	<b>12,137</b>	<b>1,060</b>	<b>8.70%</b>
Princeton	13,119	1,208	9.20%
Prosper	20,911	3,919	18.70%
Anna	16,302	3,974	24.40%

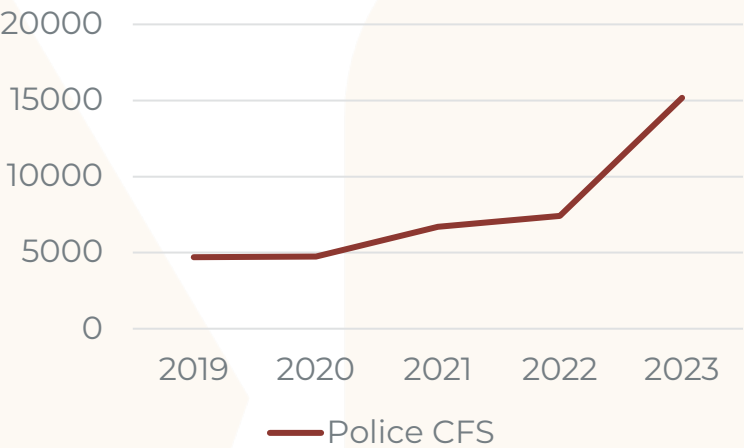


# RATIONALE – CALLS FOR SERVICE

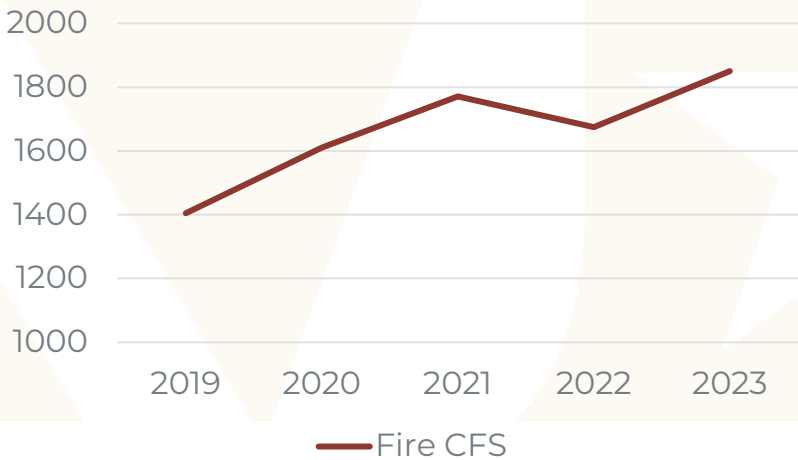
Year	Police	Fire
2019	4,700	1,405
2020	4,732	1,610
2021	6,708	1,771
2022	7,412	1,675
2023	15,166	1,840

Source: City of Melissa Operating budgets

Police Calls for Service



Fire Calls for Service





# RATIONALE

- Plan is to supplement General Fund contributions to Police and/or Fire with a dedicated sales taxes.
  - This creates capacity in future General Fund budgets to be shared with other operations or to expand City services.
- In the 2022 ISO evaluation, the City needed ~8 additional points to be classified as an ISO 1. Based on the possible points today that Melissa would gain for another fire station equipped with apparatus and staffing, Melissa has a chance to be upgraded to an ISO 1.
- ISO ratings are a factor used by insurance companies to establish property insurance premiums for residential and commercial properties.

# CITIZEN SURVEY SAYS

- Citizen Survey indicated the following are “Most Important” to residents:
  - City/neighborhood safety patrols - 32%
  - Police services - 30%
  - Crime prevention initiatives - 29%
  - Fire/EMS services - 24%
  - Traffic enforcement – 21%

Rating	Very Good/Good	OK	Poor/Very Poor
Neighborhood Patrols	30%	49%	21%
Police Services	59%	34%	7%
Crime Prevention Initiatives	42%	47%	11%
Fire/EMS Services	56%	38%	6%
Traffic Enforcement	15%	41%	45%

- 88% of Melissa residents surveyed Agree or Strongly Agree the City needs to increase Public Safety Funding

Source: 2023 Citizen Survey, On Pointe Survey, November, 2023

# AREA CITIES USE OF SPECIAL DISTRICTS

County	District	Rate	Date
Collin	Prosper Crime Control and Prevention District	1/4 cent	10/1/2018
Dallas	Cedar Hill Crime Control and Prevention District	1/8 cent	7/1/2013
Dallas	Grand Prairie Crime Control and Prevention District	1/4 cent	10/1/2007
Denton	Argyle Crime Control and Prevention District	1/4 cent	1/1/2004
Denton	Coppell Crime Control and Prevention District	1/4 cent	4/1/2008
Denton	Copper Canyon Crime Control and Prevention District	1 cent	4/1/2016
Denton	Corinth Crime Control and Prevention District	1/4 cent	1/1/2005
Denton	Flower Mound Crime Control and Prevention District	1/4 cent	4/1/2008
Denton	Fort Worth Crime Control District	1/2 cent	10/1/1995
Denton	Grapevine Crime Control and Prevention District	1/2 cent	4/1/2007
Denton	Krum Crime Control and Prevention District	1/4 cent	10/1/2016
Denton	Lewisville Crime Control District	1/8 cent	4/1/2012
Denton	Roanoke Crime Control and Prevention District	1/2 cent	10/1/2022
Denton	Southlake Crime Control District	1/8 cent	4/1/1998
Denton	Trophy Club Crime Control and Prevention District	1/4 cent	10/1/2013

County	District	Rate	Date
Collin	Lucas Fire Control, Prevention and Emergency Medical Services District	1/2 cent	10/1/2014
Collin	Prosper Fire Control and Prevention District	1/4 cent	10/1/2018
Denton	Corinth Fire Control and Prevention & Emergency Medical Services District	1/4 cent	4/1/2021
Denton	Flower Mound Fire Control, Prevention, and Emergency Medical Services District	1/4 cent	4/1/2008
Denton	Lewisville Fire Control District	1/8 cent	4/1/2012



# COLLIN COUNTY RESULTS

- 2013 – Lucas
  - Approved Fire Control District by 70%
- 2019 – Lucas reauthorization
  - Approved Fire ~ 92%
- 2018 – Prosper (converted their ½ cent previously dedicated to property tax reduction)
  - Approved both CCD, FPD ~67%
- 2023 – Prosper reauthorization
  - Approved both ~ 90%

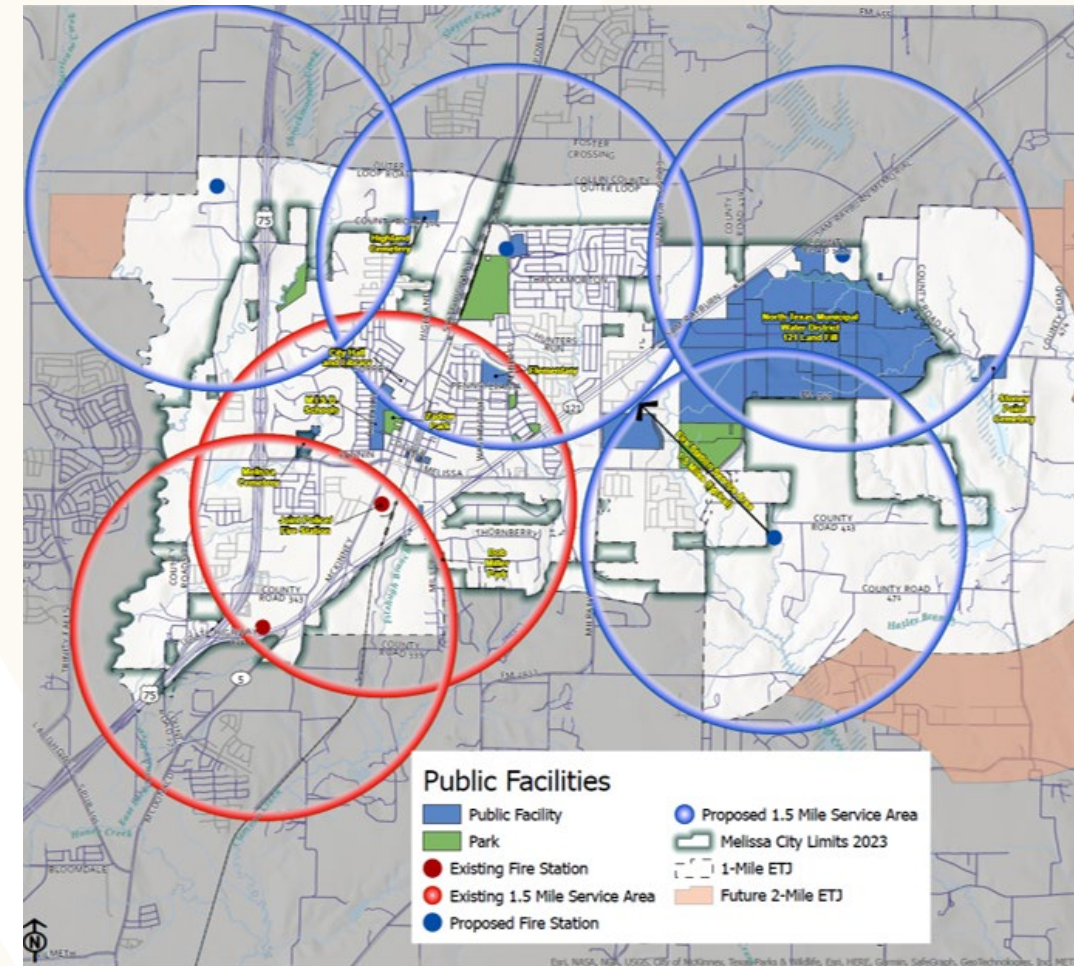
# POLICE INVESTMENTS

- Focus of Police Investment, by type:
  - Equipment and Innovative Technology
    - AXON In-car, body-worn camera and tasers
    - Police Motorcycle units
    - Standardizing Duty Weapons and Gear
    - Automated License Plate Recognition System (ALPR)
    - Recruitment and Police Academy Training
    - Mobile Command Trailer
    - Accident Reconstruction Technology and Weigh Station
  - Specialized Divisions
    - Traffic division – **City has daily traffic volume equivalent ~71,000 population city (WS Beng)**
    - Commercial vehicle enforcement unit – for oversize/18-wheeler vehicles (if approved by DPS)
    - Drone program
    - Community outreach
    - Crime prevention units
  - Personnel



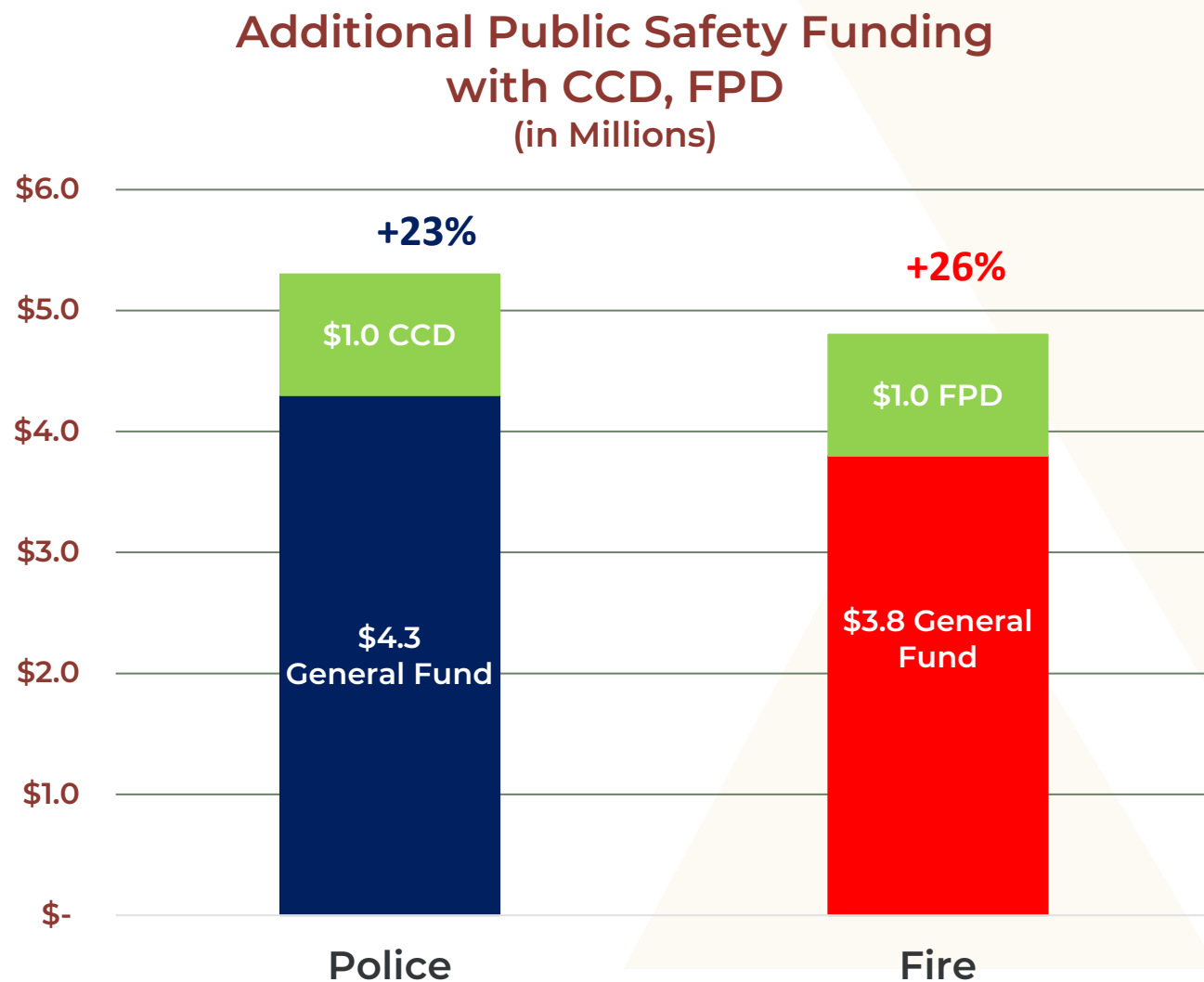
# FIRE INVESTMENTS

- Focus of Fire Investment, by type:
  - Facility and Equipment
    - Station #2, in Northern sector
    - Engine
    - 100' Aerial Truck to be likely placed in the new PSB
  - Personnel
- Based on discussions with ISO representatives, the above investments will likely reclassify Melissa as an ISO 1, possibly saving residents up to 4% and businesses up to 11% on insurance.
- Fire focus would be to fund ~8-10K station at or near Melissa Lake Park.
- Equip with reserve engine and current 75' aerial ladder apparatus.
- 100' apparatus to be placed at Public Safety Building.



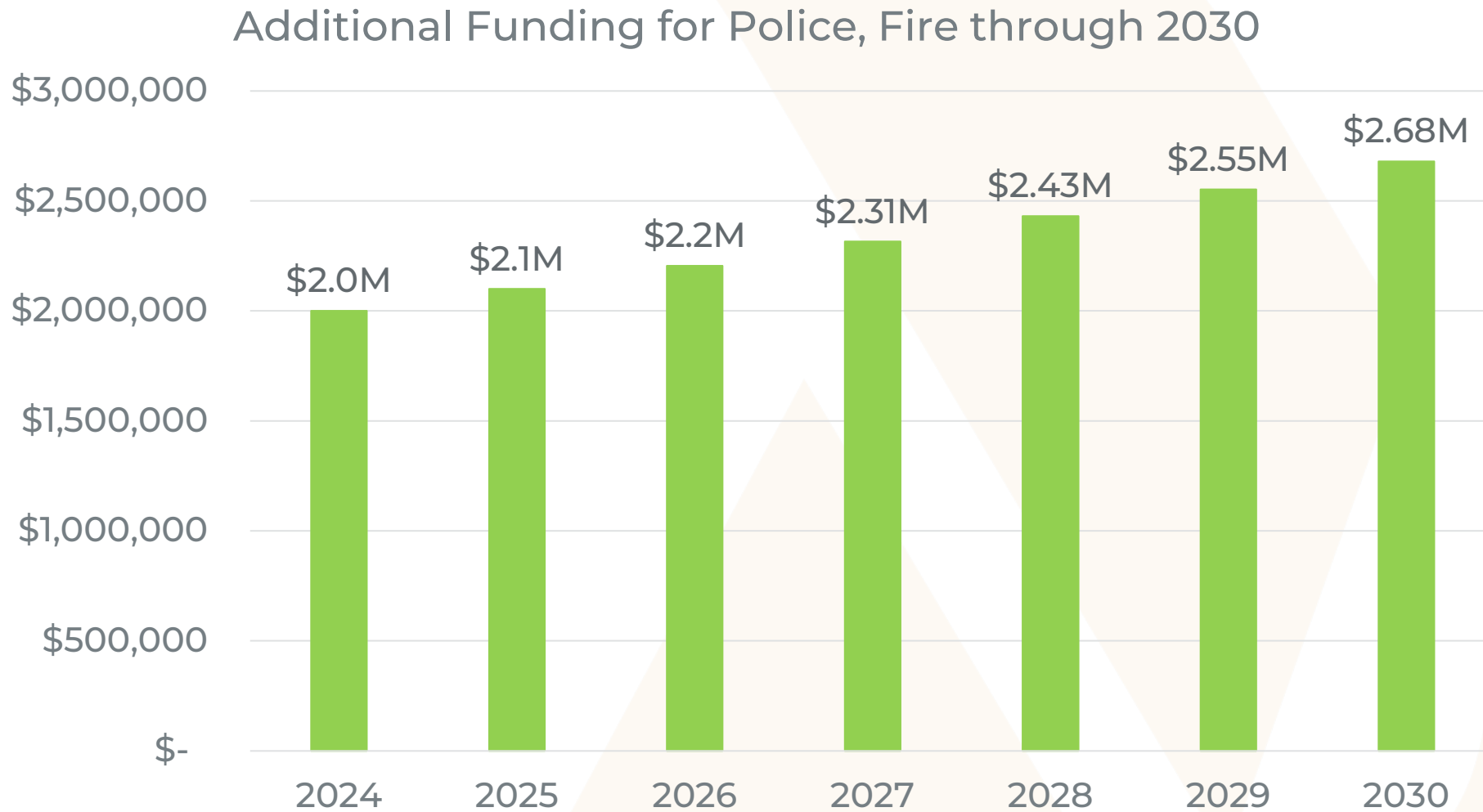


# PUBLIC SAFETY FUNDING CHARTS



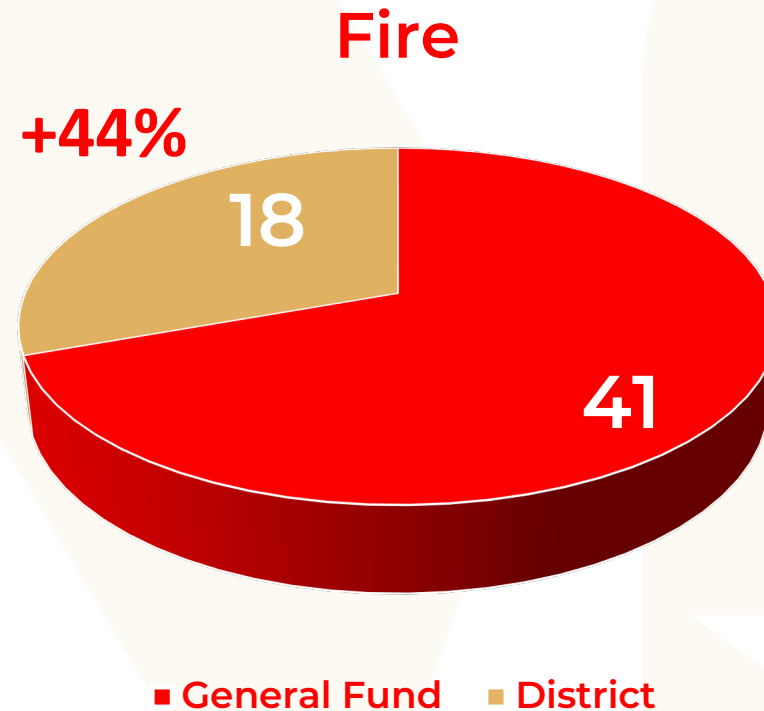
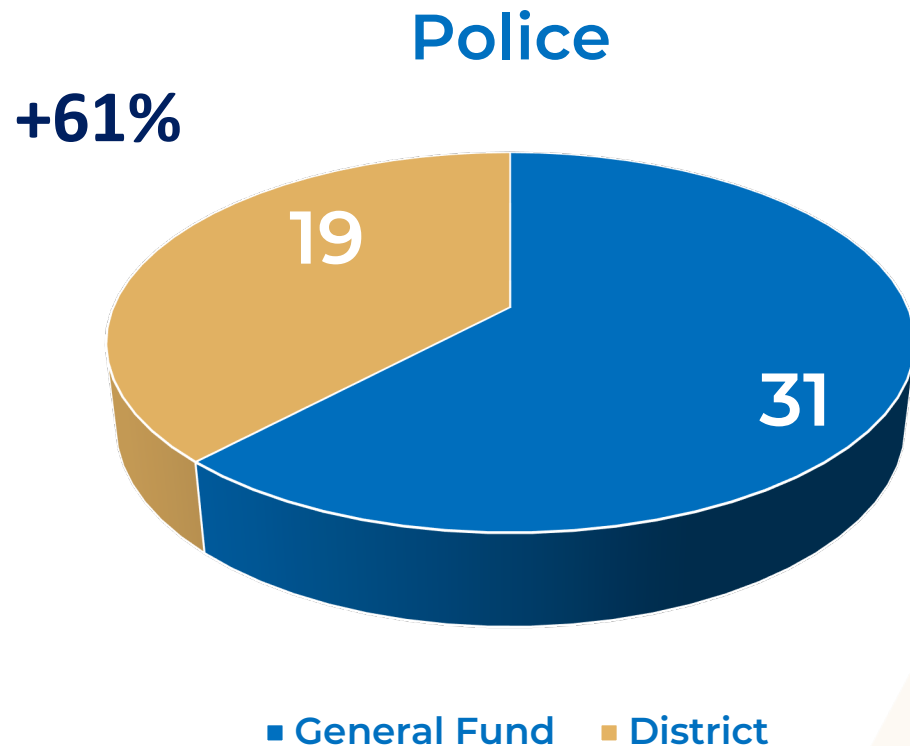


# PUBLIC SAFETY FUNDING CHARTS



- Assumes 5% growth in sales tax year over year

# HOW THE TOWN OF PROSPER UTILIZES DISTRICT FUNDING FOR PUBLIC SAFETY PERSONNEL



# WHAT ARE POTENTIAL ADVANTAGES FOR MELISSA VERSUS INDIVIDUAL BUSINESS INCENTIVES FOR INDUSTRIAL USES?

- From the Police perspective, more officers who are available to assist businesses with a call for service and can get to the scene quicker is more advantageous to the public.
- More visible officers in the commercial corridors may discourage thefts and vandalism, all the while not sacrificing neighborhood visibility/patrols.
- From the Fire perspective, another Fire company would allow for simultaneous calls to be answered by MFD instead of leaning on Mutual Aide.
- An upgrade to ISO 1 could save commercial businesses up to 11% and residential properties between 4% and 11%.

# FAQ's

- What is a Crime Control & Prevention District (CCD) and Fire Control, Prevention, and Emergency Medical Services District (FPD)?
  - A CCD and FPD are special districts allowed under Texas State law to help support crime control/fire control and prevention programs, operational expenses, and related capital purchases for Police and Fire. The sales tax revenue generated by these districts would be utilized to fund enhancements in technology and specialized services that otherwise cannot be accommodated in their current budget.
- For the districts to be funded, voters must approve both measures to:
  - Create a Crime Control and Prevention District at  $\frac{1}{4}$ -cent and reduce the current MIEDC (4A) sales tax collection from  $\frac{1}{2}$  cent to  $\frac{1}{4}$  cent; and
  - Create a Fire Control, Prevention, and Emergency Medical Services District at  $\frac{1}{4}$ -cent, and reduce the current MIEDC (4A) sales tax collection from  $\frac{1}{2}$  cent to  $\frac{1}{4}$  cent.
- Sales Tax revenues generated for the CCD, FPD are estimated at \$2.0M today and are to be used for qualified expenses described above.
- Revenue for each District is expected to grow annually as more commercial development occurs in Melissa.



# FAQ's

- What can funding for the CCD, FPD be used for?
  - Revenue from the sales tax can fund infrastructure related to crime control and fire prevention. Melissa Police Department/Fire Department plans include:
    - A proposed Fire station facility to address the growth and to be closer to the current calls for service
    - Fire apparatus, Fire Personnel
    - Police officers and specialized officers, divisions
    - Recruitment and training of police officers
    - Equipment, technology, vehicle replacement
    - Crime prevention and partner programs
- Would this change the sales tax rate anyone currently pays on taxable goods and/or services?

No. This proposition would redirect the MIEDC (4A) sales tax that is currently allocated to industrial economic development to be used solely for the expansion of Police and Fire services.

**THERE IS NO TAX INCREASE FOR THIS PROPOSAL.**



# FAQ's

- Will this raise my property taxes?
  - No. This proposal does not impact property tax at all, and it will not raise the current property or sales tax rate.
- Does the sales tax reallocation impact residents?
  - Non-residents will *directly contribute* to funding Police and Fire services because anywhere from **54-80%** of sales taxes come from non-residents. Non-residents are currently using police and fire resources that are otherwise funded primarily by residents.
- How Is the City's General Fund Affected?
  - Creation of the Crime Control and Prevention District / Fire Control, Prevention, and Emergency Medical Services District would allow for monetary relief to the City's General Fund. Once realized, the General Fund can reallocate resources to other City departments and other operations.
- How long will this help fund Police and Fire services?
  - If approved, the dedicated sales tax for Police and Fire will have to be reauthorized by the voters in 5 years.





# FAQ's

- If both Districts are approved by the voters, what happens with the current MIEDC (4A) funding and obligations?
  - Existing funding in the MIEDC's (4A) name will be encumbered against all obligations of the MIEDC (4A). After all obligations are accounted for, the remaining funding would be split between the Crime Control and Prevention District/Fire Control, Prevention, and Emergency Medical Services District to serve as their District's beginning fund balance.
- If the Districts are approved by the voters, when would the respective District(s) begin receiving the sales tax funding?
  - If the voters approve one or both of the propositions, the City would immediately file paperwork at the State of Texas to begin the modification of where the sales taxes are distributed. While the timeline is not clear, our understanding is that collections would occur in the first quarter after the election is held. Our best estimate would be no later than October, 2024.



# FAQ's

- If the Districts are not approved by the voters, how long before the Police and Fire Department would implement the plans shown in the presentation?
  - Implementation of either plan would be incremental and over time. SB 2 (2019) limited property tax growth to 3.5% irrespective of population growth.
- If the Districts are not approved by the voters, what happens to the sales taxes for industrial economic development?
  - In that scenario, the sales tax allocated to the MIEDC (4A) would continue to be directed to the MIEDC (4A), and those funds would have to be used for eligible projects generally outlined earlier in the presentation.



# FAQ's

- Does this proposal mean that Melissa does not support economic development, including a possible industrial prospect?
  - No.
  - The current MIEDC (4A) industrial Sales tax is very limited in how the funds can be used.
  - This sales tax reallocation to Public Safety is anticipated to streamline incentive requests from developers because developers can approach one board (City Council) who has more tools available and who has more flexibility than the Industrial Economic Development tax allows.
  - The Melissa Community and Economic Development Corporation (4B) has all the authority of the MIEDC (4A) plus retail/commercial projects.

# FAQ's

- What is on the Ballot?

- **Ballot Proposition A**

“The creation of the Melissa Crime Control and Prevention District dedicated to crime reduction programs, the adoption of proposed a sales and use tax at a rate of 1/4 of 1%, and to maintain the same overall sales tax rate in the City, the reduction of the sales and use tax currently levied for the promotion and development of new and expanded business enterprises by the Melissa Industrial and Economic Development Corporation from a rate of 1/2 of 1% to 1/4 of 1%.”

- **Ballot Proposition B**

“The creation of the Melissa Fire Control, Prevention, and Emergency Medical Services District dedicated to fire safety and emergency medical services programs, with the City Council to serve as the District’s board of directors, the adoption of a proposed sales and use tax at a rate of 1/4 of 1%, and to maintain the same overall sales tax rate in the City, the reduction of the sales and use tax currently levied for the promotion and development of new and expanded business enterprises by the Melissa Industrial and Economic Development Corporation from a rate of 1/2 of 1% to 1/4 of 1%”.



# FAQ's

- Ballot Outcomes

- If YES to Proposition A & YES to Proposition B - MIEDC (4A) sales tax funding will be reallocated to a Crime Control and Prevention District and Fire Control, Prevention, and Emergency Medical Services District.
- If YES to Proposition A & NO to Proposition B - Crime Control District is funded at  $\frac{1}{4}$  of 1% of sales tax and the MIEDC (4A) is funded at  $\frac{1}{4}$  of 1% of sales tax .
- If NO to Proposition A & YES to Proposition B - Fire Control, Prevention, and Emergency Medical Services District is funded at  $\frac{1}{4}$  of 1% of sales tax and the MIEDC (4A) is funded at  $\frac{1}{4}$  of 1% of sales tax.
- If NO to Proposition A & NO to Proposition B – MIEDC (4A) remains funded at  $\frac{1}{2}$  of 1% of sales tax.



# IMPORTANT DATES – MAY 4, 2024 ELECTION

## **Last Day to Register to Vote:**

Thursday, April 4

## **Early voting:**

April 22 – April 30

## **Election Day:**

Saturday, May 4



# QUESTIONS, COMMENTS

- Jason Little, City Manager

[jlittle@cityofmelissa.com](mailto:jlittle@cityofmelissa.com)

- Carl Nix, Fire Chief

[cnix@cityofmelissa.com](mailto:cnix@cityofmelissa.com)

- Erik Stokes, Police Chief

[estokes@cityofmelissa.com](mailto:estokes@cityofmelissa.com)