

**PLANO CITY COUNCIL  
PRELIMINARY/REGULAR OPEN MEETING  
July 25, 2012**

**COUNCIL MEMBERS PRESENT**

Phil Dyer, Mayor  
Lissa Smith, Mayor Pro Tem  
Ben Harris, Deputy Mayor Pro Tem  
Pat Miner (arrived at 5:04 p.m.)  
André Davidson  
James Duggan (arrived at 5:03 p.m.)  
Patrick Gallagher  
Lee Dunlap

**STAFF PRESENT**

Bruce D. Glasscock, City Manager  
Frank Turner, Deputy City Manager  
LaShon Ross, Deputy City Manager  
Paige Mims, Deputy City Attorney  
Diane Zucco, City Secretary

Mayor Dyer convened the Council into the Preliminary/Regular Open Session on Wednesday, July 25, 2012, at 5:01 p.m. in the Council Chamber of the Plano Municipal Center, 1520 K Avenue. A quorum was present.

**Presentation of the 2012-2013 Recommended Budget and Proposed Community Investment Program (CIP) to the City Council**

City Manager Glasscock stated that the recommended budget is balanced and includes no increase in the tax rate. He advised that Staff used the Council's 2012 Vision Statement and Goals as a guide in preparing the document and spoke regarding key elements to maintain a City known for delivery of very high quality services; vibrant and renewing neighborhoods; well-maintained quality services; safety; a professional staff and the commitment to the best with compensation designed to recruit and maintain the best employees at every position. He spoke to addressing specific goals including Plano Centre and funding for community communication tools and stated the Vision, "Plano is a vibrant, safe and sustainable city with attractive neighborhoods and urban centers, a vital economy, a high degree of mobility and an abundance of educational, recreational and cultural opportunities." Mr. Glasscock spoke of Staff's challenges to ensure that Plano continues to be THE place to live; values and expects excellence; is progressive; offers a high quality of life; is family oriented; is a home to major corporations; offers a broad variety of desirable housing; and re-establishes its identity as a true City of excellence and the best place to live, play and work. He thanked Staff for their efforts in preparing the recommendations.

Director of Budget Rhodes-Whitley advised that the 2012-13 budget includes restoration of services to maintain the quality of services citizens have come to expect; responses to internal pressure points which have occurred due to budget reductions; and responses to address deferred maintenance from previous year's budgets. She stated that the Combined Budget is \$462 million with property and sales tax accounting for 41%, charges for services 33% and fund balances 13.9%. Ms. Rhodes-Whitley advised that combined expenditures total \$423 million with Public Safety at 26.3%, Water/Sewer at 24.9%, General Government at 17.4% and debt service at 10.5%. She advised that the recommendation includes a General Fund balance equal to 30 days of operation in accordance with financial policies; a tax rate remaining at 48.86 cents per \$100 of assessed property valuation; two cents dedicated to the Economic Development Incentive Fund; \$1.5 million to fund U.S. 75 improvements and other redevelopment projects; and a 3% across the board salary increase for non-civil service and 2% for civil service employees. City Manager Glasscock spoke to planned revisions to the Fire Department's paramedic pay structure to address areas highlighted in a recent review. Ms. Rhodes spoke to implementation of other salary adjustments (\$1.9 million); additional positions in the Fire Department, Public Safety and Public Works; an increase in the transfer to the Capital Reserve Fund (\$2.4 million) to provide carpeting at Municipal Center and Plano Centre improvements; funding of Other Post- Employment Benefits (\$500,000/year); Capital Improvement Projects (CIP) coming on line (\$412,606); and an increase in the North Texas Municipal Water District contract (\$6.5 million).

Ms. Rhodes-Whitley spoke to General Fund Revenues projected at \$212 million and advised regarding a decrease in the value of an average single-family home. She stated that the certified appraisal rolls indicate a value of \$25.6 billion with revenue from existing properties at \$405 million and new growth at \$228 million. Ms. Rhodes-Whitley further advised that the majority of growth is in the commercial sector and spoke to Plano's tax rate as compared to other municipalities. She spoke to sales tax receipts projected at \$59 million, recommended 10% water and 5% sewer rate increases to offset projected increases from the North Texas Municipal Water District, and projected water usage for this year at 19.5 billion gallons as compared to the normal average of 22-23 billion. She spoke to the Water & Sewer Reserve Fund (\$3 million), establishment of a Meter/AMR Replacement fund (\$1.5 million), Stage II Water restrictions through FY 2012-13, and cash funded Capital Improvement Projects (FY 2011-12 - \$9.7 million and FY 2012-13 - \$7.4 million). Ms. Rhodes-Whitley reviewed the budget calendar and advised that information will be posted to the City's web site.

City Manager Glasscock advised that the next four items have been identified as having significant impacts on the City and requested Council direction.

### **Discussion and Direction Regarding Plano Centre**

Director of Parks and Recreation Fortenberry spoke to convention centers as large exhibit spaces, typically hosting trade shows; smaller civic centers geared toward local community events; and conference centers designed for small-scale meetings/conferences and typically providing sleeping rooms. She reviewed the history of Plano Centre, spoke to the fulfillment of its original purpose by hosting 300+ events annually and outperforming financial projections (60% cost recovery).

She advised that funding is provided by fees and hotel occupancy taxes and expenses include operations and support of the Convention and Visitor's Bureau. Ms. Fortenberry reviewed challenges including the aging of the facility, increased competition, lack of an on-site hotel, location, and lack of group transportation and spoke to current conference centers within the City.

Ms. Fortenberry compared convention and civic centers, stating that the advantages of a convention center are that it attracts overnight visitors, fuels local spending, creates jobs, attracts new businesses, and potentially entails no operations/maintenance costs. She spoke to disadvantages including a large price tag (\$185-\$200 million) and the potential to out-price local clients such as non-profits and social events. Ms. Fortenberry spoke to advantages of a civic center: assembly space for activities/events, geared toward the local community, relatively low fees, and lower capital costs along with disadvantages: no exhibit hall, limited service, and location. She presented four options: provide cosmetic updates to Plano Centre (\$2-3 million); develop an exit plan for Plano Centre and develop an integrated hotel and convention center (\$185-200 million); renovate and expand Plano Centre (\$10-25 million); and combine the first two options.

Ms. Fortenberry responded to the Council, advising that Plano Centre is not park property and can be sold or exchanged, but that there is no current estimate of its value. She advised that while technology can be improved, losses are driven more by the lack of a hotel and/or large exhibit space. Ms. Rhodes-Whitley advised that the current hotel occupancy tax rate is 7.25%. City Manager Glasscock stated concern related to pursuing a convention center, citing costs and competition and spoke to balancing conference/civic center uses, justifying the use of hotel taxes, renewed business following improvements and potential development in the area of Spring Creek Parkway/U.S. 75. Ms. Fortenberry responded to Deputy Mayor Pro Tem Harris, advising that closing Plano Centre would impact the public's need for assembly space. Council Member Gallagher spoke in opposition to developing an integrated hotel and convention center.

Ms. Fortenberry and Plano Centre Manager Dixon spoke to potential updates that could be funded for \$2-3 million. Mr. Glasscock responded to the Council, advising that Staff will develop a list of potential projects to update Plano Centre along with their costs. Deputy Mayor Pro Tem Harris stated concern regarding spending funds without determining an outcome. Council Member Davidson spoke to retaining Plano Centre and potentially raising the hotel occupancy rate. Ms. Fortenberry advised that Staff will bring back various funding options. Council Member Miner spoke in support of renovation. Council Member Duggan requested Staff provide information regarding possible sale and City Manager Glasscock spoke to the potential for a partnership in which the City maintains ownership of the property. He advised that Staff will develop options that could be utilized in a phased method not to exceed \$10 million.

### **Discussion and Direction Regarding Residential Inspection Program**

Director of Property Standards O'Banner reviewed the history of the program and spoke to registration and inspection of multi-family developments since 2005 and a proposal to expand the program to include tenant occupied single-family, duplex, triplex and quadplex properties. She advised that the program provides safe, secure environments for tenants; maintains community integrity; protects property value; provides an educational resource; and offers a proactive approach to code compliance.

Ms. O'Banner advised that there are currently 116 developments with 28,264 units in the program and stated that incorporation of single-family dwellings would fulfill several Council goals and provide benefits to additional properties. She spoke to implementation in other communities and reviewed the program's scope: systematic inspection of tenant-occupied housing structures with 1-4 units; exclude the registration feature due to anticipated fluctuating database; "tenant-occupied" will include all non-owner occupied dwellings; and inspection of the structure either before a new tenant occupies a dwelling or within a specified time period following a new water utility account activation/change/reconnect. Ms. O'Banner advised that expansion is projected to include approximately 2,500 additional properties, a staff of four and an inspection fee of \$125. She spoke to challenges of expansion including: a fluctuating database of tenant-occupied inventory; property accessibility and inspection scheduling; potential stakeholder resistance; varying perceptions of unequal protocols or increasing housing costs; and potential legal thresholds.

Ms. O'Banner responded to the Council, advising that Staff will rely on water account activity to determine a change in occupants, spoke to the potential for inspection prior to occupancy or within a 30 day period, and advised that the intention is to determine property ownership via City or County records. City Manager Glasscock spoke to contacting the Association of Realtors following Council's preliminary approval. Deputy Mayor Pro Tem Harris spoke to identifying the potential for unintended consequences (including home-based businesses) and the Council stated consensus in directing Staff to proceed to the next step.

### **Discussion and Direction Regarding Neighborhood Reinvestment Program**

Community Services Manager Day spoke to Plano's neighborhoods being 98% built with limited opportunity for traditional, single-family neighborhood development and defined affordable housing as single-family properties at or below \$200,000 in appraised value. She spoke to the impact of large repairs and City support of neighborhood stability through Code enforcement, HUD-funded housing development and rehabilitation, neighborhood focused services, and social service support. Ms. Day spoke to the number of homes in need of significant attention as determined through tracking neighborhood conditions and reviewing property marketability/perception and to the decline in HUD funds for assistance. She spoke to *IBM's Global Business Services' The Neighborhood-Centric City* briefing which reviews the positive impact of local government's investment in the community. Ms. Day referred to the Strategic Plan recognizing the role of vibrant and renewing neighborhoods and requested Council consideration of establishing a Neighborhood Vitality Fund (\$500,000) to complete a multi-departmental, comprehensive review of neighborhood services and develop a Housing Reinvestment Incentive Program. She reviewed the goal to provide a financial incentive for homeowners to proactively maintain their properties to a marketable condition in excess of code minimums by leveraging funds through a public/private partnership; establishing a revolving fund where monies are paid back through loans; focusing on moderate housing; structured to have minimal operational demands; and including measurable results. Ms. Day responded to the Council, advising that the \$500,000 is an initial request and following development of the program Staff may request future funds. The Council spoke to working with financial institutions and concurred in directing Staff to move forward.

### **Discussion and Direction Regarding Regional Composting Program**

Director of Sustainability and Environmental Services Nevil spoke to evaluation of the program in which Plano serves as the composting contractor for the North Texas Municipal Water District (NTMWD). She advised regarding benefits including a reduction of disposal costs, reduction of landfill life and the creation of a beneficial product for the area's clay soil. Ms. Nevil spoke to fees, marketing practices and the growth in sales. She advised that the program operates on three sites and spoke to current equipment priced at \$5.7 million, equipment replacement costs of \$514,737 and maintenance of \$1 million. She stated that last year 70,548 tons were diverted from the landfill, with most coming from Plano and spoke regarding an \$84,769 savings to the General Fund by the processing of Parks and Public Works materials. Ms. Nevil spoke to composting as one component of an integrated solid waste management system designed to develop collection and disposal options that consider long-term environmental impact. She identified three options: 1) discontinue participation in the composting program which would result in an additional \$1 million (rate increase of \$.53) with waste going to the landfill; 2) decline to renew the contract with NTMWD so that composting is moved to another contractor which would result in an additional \$1 million (rate increase of \$.53); or 3) renew the NTMWD agreement at a cost of \$534,375 and evaluate opportunities to increase sales/reduce expenses. Ms. Nevil advised that Staff recommended negotiating the contract renewal including identifying an alternate location for grinding operations and approving the budgets necessary to increase the bagged market and purchase recommended equipment. She advised that this option would result in a reduction of the difference between revenue and expenses to less than \$400,000 in FY 2013-14.

City Manager Glasscock clarified that other member cities would need to approve another contractor, but not the discontinuation of Plano. Ms. Nevil responded to the Council, advising that there is not an excess of raw materials, spoke to including discussions of a grinding site as part of contract negotiations, clarified expenses associated with discontinuance of the program, advised that Plano is not subsidizing other communities and spoke to errors in projections for total conversion tonnage impacting all participants. She further advised that there has been no resolution to issues related to materials being diverted to commercial operations. Mr. Glasscock clarified that this item is funded from an Enterprise Fund and is not a part of the General Fund. The Council stated concurrence with Staff's recommendation and moving forward with negotiations.

City Manager Glasscock advised that Staff would bring forward further information on recommendations at the August 18 Budget Worksession. Nothing further was discussed. Mayor Dyer adjourned the meeting at 7:15 p.m.

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**Phil Dyer, MAYOR**

ATTEST:

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Diane Zucco, City Secretary