

**PLANO CITY COUNCIL**  
**Budget Worksession**  
**August 10, 2002**

**COUNCIL MEMBERS**

Pat Evans, Mayor  
Phil Dyer, Mayor Pro tem  
Steve Stovall, Deputy Mayor Pro tem  
Shep Stahel  
Scott Johnson  
Sally Magnuson  
Jim McGee  
Ken Lambert

**STAFF**

Thomas H. Muehlenbeck, City Manager  
Frank Turner, Executive Director  
Bruce Glasscock, Executive Director/Police Chief  
Rod Hogan, Executive Director  
Diane C. Wetherbee, City Attorney  
Elaine Bealke, City Secretary

Mayor Evans convened the meeting into open session at 8:01 a.m., Saturday, August 10, 2002, in the Council Chambers of the Plano Municipal Center, 1520 K Avenue. All Council Members were present. Deputy Mayor Pro tem Stovall arrived at 8:02 a.m.

**Call to Order**

Mayor Evans stated that the Council would be conducting the Fiscal Year 2002-03 Budget Worksession.

**Request for Public Input on Budget**

No one appeared to speak.

**Budget Worksession Overview**

Highlights of 2001-02/Outlook for 2002-03

City Manager Muehlenbeck advised that the proposed total budget is \$299,125,699 with a proposed ad valorem tax rate of 45.35 per \$100 assessed property value. He stated that the total certified taxable value is \$20,194,219,506.

Mr. Muehlenbeck stated that sales tax is projected to increase by 0%, Building and Development revenues are projected to decrease by 20% due to the predicted leveling off of construction activity in the next year, and additional or new revenues totaling \$1,025,418 in the General Fund are included and will be discussed during today's worksession. He stated that Water and Sewer rate increases that were approved in January of 2002 are included, and that in accordance with the five-year Municipal Drainage Study, a 5.2% increase in overall Municipal Drainage revenues is required due to increased debt service requirements in the Municipal Drainage Fund. Mr. Muehlenbeck stated that a salary increase totaling \$1,868,490 will provide for an increase of 2% for non-civil service and civil service employees plus related benefit changes, and that a Health Insurance increase for the City represents an increase of 10% or \$750,000.

Mr. Muehlenbeck stated that in order to balance this budget due to the slowdown in the economy, 44 full-time and 26 part-time General Fund positions are being eliminated with a total impact being \$2,400,000. He stated that \$4,600,000 in operating cuts have been eliminated from the budget including a mandatory 5% operating reduction in all departments. Mr. Muehlenbeck stated that included within the budget are seven new positions for Public Safety and Capital Projects coming on-line, \$800,000 for new library books and materials, and further that a \$12,000,000 transfer to the Capital Reserve Fund brings the City back to the 75% depreciation funding requirement established by the Council.

## **Funding Requests**

### Presentation of Community Relations Commission

Community Relations Commission Chair Betty M. Mahan stated that an outline of proposed requests is provided in the budget packet and that of these, 10 represent emergency services requests, out of 23 applicants 20 were provided, that this year's funding requests were almost double over the past year and further advised the Council that the City funds \$1 per capita. Ms. Mahan expressed gratitude to the Council and to Staff. Council Member Stahel expressed his gratitude for work done on this commission.

### Presentation of Cultural Affairs Commission

Cultural Affairs Commission Member Larry Tucker spoke to Public Hearings held for grant requests, \$1,000 allowed to go towards the reserve for small grants which will be forthcoming in the next grants cycle, and stated that there were approximately \$600,000 in requests received. Deputy Mayor Pro tem Stovall expressed his gratitude for work done on this commission.

### Presentation of Heritage Commission

Heritage Commission Chair Lisette Briley stated that an outline of proposed requests is provided in the budget packet. Deputy Mayor Pro tem Stovall expressed his gratitude for work done on this commission. Ms. Briley advised the Council that with regard to the request by the ArtCentre of Plano, not much heritage preservation was integrated into their plans and that the building is not remodeled historically and further advised regarding the aspects of the building that could be historically considered.

Plano Conservancy for Historic Preservation Co-Director Maggie Sprague advised the Council regarding future DART lite rail and funding to cover two staff positions for the interurban car. She spoke to the utilization of volunteers, anticipation of traffic through the museum area to include PISD curriculum, and reviewed ongoing progress with regard to the relocation of a historic Douglass Community house stating that matching grants are being sought to assist with this funding. Council Member Johnson expressed his gratitude for work done.

### Funding Cycle – Arts and Historic Preservation Grants

City Manager Muehlenbeck requested direction from the Council and stated that grant allocation funding for this past year was altered, reviewed the November, 2001 and February/July, 2002 schedule, spoke to the thought that this was hotel/motel tax money and that all monies are not available the first two months of the year, stated that in the past the City has greatly exceeded projections of what the hotel/motel tax budget figures are and that this is no longer the case. He spoke to receiving direction from the Council as to whether or not the City should continue with this funding allocation cycle or go back to the previous, original funding allocation.

Plano Symphony Orchestra Executive Director Alice Hobbs stated that the symphony can work with the pay-out schedule but that the burden falls on smaller organizations. Plano Courtyard Theater Artistic Director Mark Fleischer spoke to being prepared to deal with this funding cycle, and to the continuation of additional funding needs. Ms. Sprague stated that while the Conservancy was aware of the incremental funding cycle, they will be affected. Mayor Evans stated that proposed funding would include 50% funding in November, 25% in February, and 25% in July. City Manager Muehlenbeck stated that these dates were previously identified by the Council, and that actually November is about the time contracts are negotiated with the difference now being 50% versus 100% previously for the November payment. He stated that relocation of the Douglass Community house can be accommodated and does not represent a major concern.

Creative Arts Coordinator Sabrina Shuford advised that smaller groups have been impacted but that they are willing to work with the schedule. She requested that the groups be advised of scheduling in order to plan ahead.

Deputy Mayor Pro tem Stovall spoke to funding and recommended that the Council go back to the old way, and to the importance of notification of the funding scheduling. Council Member McGee spoke to revenues not matching the budget as the reason why this cycle of funding was set up and stated that opportunity needed to be given the Council to work this funding into the budget. He stated that this process makes more sense from a business standpoint of running the City. Council Member Lambert spoke to hotel/motel monies not growing and to possible shortages and to whether General Fund monies would be used or an adjustment made. He recommended that 15% be designated and then every month or every quarter that funds be distributed.

City Manager Muehlenbeck stated he is comfortable with hotel/motel tax figures, and that while hotel occupancy is coming back, hotel rates are lower. He stated that the City is back to where it was about two years ago and that most likely there will be no need to go into the General Fund. Council Member Lambert recommended that should hotel/motel tax monies for the year come in at a greater figure than what was allocated that excess funds be placed into a reserve fund rolling then into a contingency fund for the next year should numbers fall below in the following year. Council Member Stahel spoke to staying with the payout schedule, and stated that emergency requests can come forward.

Deputy Mayor Pro tem Stovall spoke to having contingency funds in the past, emergency requests, and paying entire amounts allocated to an organization. He stated he would like to go back to this, designating that these funds stay only in that account instead of being otherwise used. Mr. Stovall recommended that as things get better, 15% of hotel/motel funds go into an arts and historical fund with another look taken at what could be allocated to these groups. Mayor Pro tem Dyer expressed concern with borrowing from the future and spoke to tweaking if need be.

City Manager Muehlenbeck spoke to arriving at a consensus. Council Member Lambert spoke to treating all groups the same. Council Member Stahel stated concurrence with Mr. Lambert and spoke to building a contingency fund for this area, staying with the current pay-out schedule, and to emergency requests coming forward. Mayor Evans spoke to continuing to hear from the groups and to being sensitive to the issues, and stated that this schedule is the best that can be forecast by the Council for now.

### Public Art Master Plan

Creative Arts Coordinator Shuford spoke to the draft of the Public Art Master Plan previously presented to the Council, policies and procedures outlined in the plan and stated that there are projects already happening in the form of donations, downtown projects, and the Douglass Wall Mural, and further spoke to the importance of policies protecting the City.

Ms. Shuford spoke to the five-year plan, receiving direction from the Council in moving forward, community requests for public art, and recommended that the plan be adopted. She advised the Council that the plan requests demonstration projects the first year, and requested that \$100,000 be allocated for two projects one each on the east and west side of town. She spoke to working on existing projects with the Parks and Recreation Department and stated that the Police Department has contacted them regarding a project as well. She advised the Council that this year the committee is not requesting a percentage for art out of CIP projects but would like some special project money and spoke to coming back in 2003-04 with a request for an ordinance identifying a percentage of capital improvements.

City Manager Muehlenbeck stated that this request would represent an add-on to the budget. Mayor Evans spoke to adding this item to the chart to identify funding requests not allocated in the presented budget. Mayor Evans recommended that the proposed Public Art Master Plan be placed on a future agenda for consideration and that for now, \$100,000 be placed on the chart for consideration of two art projects.

Public Arts Committee Chair Janet Miller spoke to the amount of interest in providing public art and to funding problems. Deputy Mayor Pro tem Stovall spoke to not using CIP monies, and recommended that 1% of monies be expended on what is going to be provided in a project (Haggard Park project) rather than using an architectural firm. Mayor Evans stated that this is an enrichment plan, a percentage is not being considered, and that \$100,000 is being placed on the chart particularly looking at the renovation of the downtown park (Haggard Park) and another park yet to be identified. Council Member Lambert spoke to including art project/features in the renovation of Haggard Park and involving the Public Arts Committee. The City Manager stated this could be looked at. City Attorney Wetherbee spoke to receiving more detail from Ms. Shuford and stated that a resolution could be passed to identify the location of art projects. The City Manager spoke to operating along the premise that some type of work will be done with the architect for Haggard Park renovations and stated concern at not waiting too long to starting the park renovations. Ms. Miller spoke to the need of using a working artist to work with the architect.

### Economic Development

Executive Director of Plano Economic Development Sally Bane spoke to the challenging economic climate and advised the Council regarding new business projects locating in Plano and related benefits, and stated that efforts of business retention joined with marketing efforts of the Research/Technology Crossroads (RT) resulted in business retention in the district. Ms. Bane stated that the budget presented reflects a reduction in operation and maintenance primarily in advertising and professional contracts and that the PEDB supports the request. Council Member Johnson expressed appreciation for efforts extended in retention and promoting the City.

### Sister Cities

Plano Sister Cities International President George Elking spoke to the budget proposed and stated that it is 6% lower than last year's total. He advised that accomplishments have been noted in the packet, spoke to efforts made to reach further into the community, and to benefits of the relationships with the member cities. Mayor Pro tem Dyer commended the efforts of the organization and stated that there are real business potentials here not seen in the past.

### Plano Forum

Plano Forum Chair Maribelle Davis spoke to opportunities provided by the Forum and achievements of success. She spoke to the 2003 goal to expand the participant base, an increase in speaker fees, and the \$40,000 requested in funding from the City. She responded to questions regarding revenues generated, difficulties experienced in the economy, and to Forum attendance numbers. Ms. Davis advised that it is the hope of the organization to generate a positive economic climate in the City through the event. City Manager Muehlenbeck spoke to the pay-out schedule and to the requested amount of \$40,000 this year being more than the \$30,000 identified in the original pay-out schedule. Ms. Rhodes advised the Council that in past budget worksessions, funding numbers are identified on the chart for this type of expenditure. The Council concurred to place this request on the chart. Mayor Pro tem Dyer expressed concern with subsidizing tickets for the event.

### Funding of Outside Agencies

City Manager Muehlenbeck spoke to requests for funding Race for the Cure/Collin County Classic/Colon Cancer as outlined and stated that they are included as non-departmental in the budget packet and spoke to previous Council discussion as to whether these events should be competing for social services funding. He spoke to funding these monies this year and advising the organizations that future requests will need to be included along with social services funding at the \$1 per capita amount and further requested Council direction.

Council Member Lambert recommended these organizations go through the social services funding program. Mayor Evans spoke to the issue of not meeting and possibly adjusting criteria for social services funding and spoke to discussing the prescreening process in the future. Council Member Stahel recommended that the organizations go through the Community Relations Commission process beginning next year, Council Member McGee spoke to whether or not the City desires to be event sponsors and to the need to set up a budget for these dollars up to a determined amount. The Council discussed whether or not to preclude in the future other groups from coming forward with funding requests of this nature, and to asking that the City Manager make recommendations for this type of funding requests.

Council Member Magnuson spoke to Collin County Classic organization changes and to the numbers recommended. Council Member McGee spoke to setting a ceiling for funding in future years and to the need for setting up a policy. Council Member Lambert spoke to having criteria with a screening mechanism in place. Council Member Stahel spoke to accepting the numbers as presented by the City Manager and to some time in the next twelve months an opportunity be provided to look at a more formal structure.

City Manager Muehlenbeck recommended leaving the numbers for the three organizations as stated in the packet, pending future information to be obtained regarding the Collin County Classic, and stated that future consideration will be given for establishing a process. Ms. Rhodes stated that the Collin County Classic has not invoiced the City to date for this year's event and that the City is obligated this year for \$5,000 under a previous agreement. The City Manager recommended setting up criteria as to whether or not activities outside of Plano should be supported.

The Council recessed the worksession at 10:10 a.m. and reconvened at 10:20 a.m.

#### Council Items and Issues for Discussion

City Manager Muehlenbeck stated that this section of the agenda is provided in order to identify any items that may have been overlooked.

Council Member Johnson recommended that consideration be given to funding the social services area of the budget and the allocation of \$1 per person based on the population numbers. He spoke to the present need and to consideration of increasing this budget amount an additional \$.50 along with a policy change for next year. Council Member Lambert stated concern with this request considering the present budget situation. Council Member Stahel spoke to consideration of any sales tax increases this year going into the Capital Reserve fund. The City Manager stated that this is established as policy. Mayor Pro tem Dyer spoke to the new food service operation at Pecan Hollow Golf Course and the possibility of outsourcing this entire operation due to the small profit margin realized by the City. Executive Director Hogan advised that this will be addressed further along on the agenda. Council Member Lambert spoke to placing the Sister City program under Economic Development as a line item and separate appropriation, and spoke to the trend of this program pushing for economic development. Mr. Muehlenbeck and Mayor Evans stated that the Sister City organization and the PEDB are outside agencies. Mr. Muehlenbeck spoke to the possibility of appointing a member of the Sister City organization to the PEDB when a vacancy arises.

Mayor Evans spoke to the International Business Protocol group looking at the interaction of these groups and to making recommendations and spoke to encouraging cooperation between the groups and to continuation of these groups going in the direction of economic development.

## **Operating Budget**

### Ad Valorem Tax Base/Tax Rate Scenarios

Ms. Rhodes stated that General Fund revenues are divided between categories of Sales Tax, Property Tax, and Other. She stated that according to the Central Appraisal District, the City's total assessed property value for FY 2002-03 is \$20.2 billion representing an increase of 6.729% over FY 2001-02; new property coming on line is projected at \$914 million and that existing property values are estimated at \$357 million or an increase of 1.899%. Ms. Rhodes stated it is proposed that the City will collect \$91 million in property taxes at the proposed and current 45.35 cents tax rate per \$100 assessed property valuation. She stated that new figures received provide for a debt rate of 16.71 cents with an operation and maintenance rate of 28.64 cents.

### Effective Tax Rate

Ms. Rhodes spoke to truth in taxation laws requiring taxing units to make taxpayers aware of the tax rate proposal and to allow tax payers in certain cases to roll back or limit a tax increase. She stated that the effective tax rate represents the rate that is equal to the prior year's taxes divided by the current taxable value of properties that were also on the tax roll in the prior year. Ms. Rhodes stated that tax laws require publishing notice and providing for a Public Hearing before adopting a tax rate that exceeds the lower of the rollback rate or 103% of the effective tax rate. She stated that the proposed tax rate of 45.35 cents exceeds the maximum effective tax rate of 45.32 by .3 cents therefore triggering legal publication and conduction of a Public Hearing before adopting the rate.

### Rollback Rate

Ms. Rhodes advised that the rollback rate is divided into categories of operations and maintenance (O&M) and debt service and that if the City decides to adopt a rate that exceeds the rollback rate, voters may petition for an election to limit the rate to the rollback rate. She stated that the proposed tax rate of 45.35 cents is .36 cents over the rollback rate. Ms. Rhodes stated that a debt service rate of 16.71 cents is proposed, and spoke to the August 12 item to vote on a proposal to set the tax rate along with a Public Hearing scheduled for August 26 with adoption of the tax rate on September 9. She stated that the City has passed a tax rate that is over the rollback rate the previous two years, and spoke regarding the reduction of the debt rate as required for the City's financial policy.

Ms. Rhodes stated that currently sales tax is estimated at \$45.1 Million for the 2001-02 re-estimate which represents an 8.3% decrease from the original adopted budget, and further that the July payment came in at 5.69% above last year's July payment. She stated that year-to-date, the City has collected \$39,217,715 less than last year's collections for the same period and \$3,324,172 less than the adopted budget.

### Building and Development Related Revenues

Ms. Rhodes stated that Building Development Related revenue was originally projected at \$5 million and that it has been re-estimated at \$3.8 million.

### Other Revenues

#### New Fees and Fee Changes

Ms. Rhodes spoke to increases in the Municipal Court area, stated that most other revenue areas have declined, and that the General Fund is expected to end at 30 days with an ending balance in the General Fund of \$12 million.

#### Ambulance Fees

Fire Chief Peterson spoke to previous adjustments to ambulance fees during the 1999 budget, cost increases in this area of approximately 30%, and to a proposed 15% increase in ambulance fees this year. He stated that compared to the private sector, the City is actually under billing. Council Member McGee spoke to keeping fees in line with what can be recovered from insurance. Mayor Evans recommended adding ambulance fee increases of \$100,000 to the chart.

#### Alarm Permits

Executive Director Glasscock stated that these fees are capped and regulated by the state, and spoke to the proposal to increase the alarm fee from \$30 to \$35 generating an estimated \$122,085 in additional revenues for 2002-03, and spoke to the cost to the City of responding to a false alarm. He further stated that increasing the late fee for alarm permits from \$5 to \$10 will generate an additional \$40,000 in revenues. Council Member McGee spoke to a staggered late fee process being set up.

#### Parks and Recreation User Fees

Executive Director Hogan reviewed proposed Park and Recreation Department 2002-03 fee increases and revenues provided in the packet and stated that this represents an increase to the General Fund of \$406,333. He spoke to proposed fee increases in pool admissions, pool coupon books, pool and recreation center rentals (excluding school based recreation centers), and membership and user fees. The Council requested that information be brought back to them the regarding the pool rental policy. Mr. Hogan spoke to difficulties in benchmarking facilities regarding surrounding area fees. He stated that consideration is being given to the concept of utilizing the Plano Centre to handle the concession area at the Pecan Hollow Golf Course clubhouse.

Mr. Hogan advised Mayor Pro tem Dyer that with regard to the profit margin at the clubhouse that a high level of service at a reasonable cost is emphasized, spoke to obtaining feedback from the private sector, and further that only a \$2,000 profit margin was planned for over the next few years along with consideration of possible future alcohol sales and other things. Council Member Stahel spoke to the need to increase the profit margin at the concession.

#### Proposed Solid Waste Rate Increase

Executive Director Hogan spoke to working capital, savings realized, and possible Solid Waste Rate increases pending notification from the North Texas Municipal Water District with the worst-case scenario being a \$1 per month increase. He stated that Staff will come back in September with a detailed presentation.

#### Water and Sewer Rate

Ms. Rhodes stated that currently water rates are projected to generate \$31,500,238 which represents \$5 Million less than the December projections and that the City used 4.2 billion gallons less than the minimum 26.7 billion gallons that the City is required to take by the North Texas Municipal Water District.

#### Municipal Drainage Rate

Ms. Rhodes advised that they are currently in Phase 3 of the plan which includes an increase for the average homeowner of .20 cents per month and that non-residential rates will increase from .052 cents to .056 cents per 100 sq. ft. of impervious area effective October 1, 2002.

The Council recessed for lunch at 12:09 p.m. and reconvened at 12:39 p.m.

#### Program Changes

##### Across the Board 2% Increase/Health Insurance Increase

City Manager Muehlenbeck spoke to retaining funds in the budget to offset health insurance increases passed along to the employees, changes and modifications in the plans, and to additional funds placed into the budget to offset charges. He spoke to a future presentation regarding health care claim usage, and stated that the City does have a stop-loss policy in claim coverage.

### Vacation Buyback/401-A-Savings Plan

City Manager Muehlenbeck spoke to vacation and sick leave policy and to the accumulation of a \$20 million liability should all employees cash in these categories. He reviewed vacation and sick leave accrual policy aligned with years of service, spoke to vacation time mandated, Civil Service requirements, back-filling positions, and participation numbers. Mr. Muehlenbeck recommended that the vacation plan stay in effect allowing the City to buy down at today's dollars rather than tomorrow's. He further stated that Civil Service step increases are mandated. He spoke to sick leave accrual and the deferred compensation plan (401-A) for employees holding additional sick leave of over 1,040 hours with a reimbursable amount up to 10% of hours over the 1,040 hours to be applied to a 401-A plan. He recommended that both plans be retained.

The Council discussed the need to take vacation time, providing for a cap on vacation accrual, knowing whether the amount of time granted exceeds the minimum amount of Civil Service requirements, turning sick leave into a retirement program, and to not retaining an unfunded liability.

### City Council Travel

City Manager Muehlenbeck spoke to a proposed Council Travel budget of \$80,000 for the upcoming year, and stated that the monthly stipend paid the Council comes out of this account, after which time a balance of \$29,600 is left for travel. He stated that these two items can be isolated reflecting a truer travel budgeted amount. He spoke to identifying what is truly travel and having better accounting of this with a targeted amount allocated for each Council Member. The Council discussed having Staff track and schedule Council travel, frequent flyer miles, providing periodic reports, and to being frugal when possible.

### Core Business Matrix Update

Ms. Rhodes stated that ratings of core businesses identified by the Council are provided in the budget packet. She stated that additional information regarding 9 businesses as requested by the Council is also provided in the packet. The Council concurred that they would review these 9 businesses at a later date.

### Position Eliminations

City Manager Muehlenbeck reviewed part-time and full-time position eliminations provided in the budget packet.

### Program Eliminations

City Manager Muehlenbeck reviewed program eliminations provided in the budget packet.

## Performing Arts Funding

City Manager Muehlenbeck spoke to the status of the performing arts hall, committees working on the project, budget approved earlier, and the request for the four cities to participate in the amount of \$177,000 down from \$266,000. He stated that the new amount will be provided during the next year and spoke to a schedule to determine how these funds would be spent. Mr. Muehlenbeck stated that this amount is not in the General Fund but in the bond fund, spoke to bond authorization of \$19,400,000 for a performing arts facility, and stated that very little of this amount has been spent. He stated that it is felt that the \$177,000 is an allowable expense as long as it is not used for salaries or for such items as plans, specifications, contractual drawings, etc. He spoke to the recommendation by the City Attorney that the Council agree with the process before the funds are obligated formally and stated that these funds would be for operational-type purposes for the next year. Mayor Pro tem Dyer spoke to concerns with a four-city project and that if one of the cities falls out that the project is in serious jeopardy, and spoke to upcoming bond elections in the cities of Frisco, Allen and McKinney. He recommended that the money stay in the budget until all three cities have passed their bond elections, spoke to waiting a little longer and to this not being life or death and stated that to do otherwise is not good business. Council Member Lambert spoke to going back to the drawing board and looking at a reduced budget should this occur and stated occurrence with Mr. Dyer. Mayor Evans reviewed the status of the project and the need to identify the site, and stated that this would be influential in the passage of the bond elections, and further stated that it is contemplated that the project could go forward with three participating cities.

City Manager Muehlenbeck stated that Mr. Robinson has stated that to wait will be detrimental to the entire process. Executive Director Turner stated that the committee will perform a number of activities over the next three quarters and reiterated that waiting would present a serious problem to the progress. He spoke to obtaining a site, providing a master plan, providing the legal framework and spoke to paying this amount out in quarter increments. Mr. Turner spoke to contacting the three property owners and negotiating for the best deal. Council Member McGee stated he has a problem in releasing the monies at this time without knowing for sure that it will happen.

## Funding of Capital Reserve

Ms. Rhodes spoke to Council approval of transferring 75% of the annual depreciation into the Capital Reserve Fund. She stated that it is projected there will be a transfer of \$9.2 Million from the General Fund, and that \$3 Million will be transferred from the Water and Sewer Fund.

Ms. Rhodes stated that next year \$16.8 million in projects are projected with a re-estimate for this year of \$7.9 million in projects. Ms. Rhodes stated that the majority of the projects passed through the Budget Contingency Committee.

Ms. Rhodes stated that the Capital Reserve Fund Balance is projected to be \$19.6 million for this next year, and \$18 million thereafter, that there is a ten-year plan on the expenditure side and that this amount will continue to grow although only a two-year period of time can really be projected by the departments.

#### Discussion Regarding Reserve Funds

Ms. Rhodes spoke to the CIP fund and projects placed on hold, and to funding these projects in the next year's budget. She spoke to reprioritizing and rescheduling of projects. City Manager Muehlenbeck stated that reprioritizing and availability of funding opportunity this year will not be available in the next budget year or the year after. Council Member Stahel spoke to the importance of fully funding the Capital Reserve.

#### Capital Improvement Program

##### Tri-City Expansion/Haggard Library Expansion

Executive Director Glasscock stated that information regarding these projects is provided in the budget packet.

#### Fire Stations

Fire Chief Peterson stated that it is recommended that Fire Station 11 be moved to the following budget year due to the extension of Los Rios Boulevard to coincide with construction completion. Council Member Stahel spoke to beginning the design work sooner due to the need for a station in this area and stated that if practical, he would like to begin the design process sooner. Chief Peterson spoke to doing the design work in six months to one year and stated that road construction will not be completed until 2004 and that construction cannot begin until the road is done. Mayor Evans spoke to the Council's enthusiasm in beginning and completing the project as soon as practical.

#### Proposed Ad Valorem Tax Rate

City Manager Muehlenbeck stated that the proposed ad valorem tax rate is 45.35 cents.

Ms. Rhodes reviewed the numbers identified on the chart. City Manager Muehlenbeck spoke regarding social services funding and placing this on a challenge basis so that up to "X" number of dollars would be provided them with some responsibility to be placed back on the social services groups to provide additional funding themselves to match whatever City dollars can be made available as an incentive.

Mr. Muehlenbeck spoke to placing the additional ambulance fee funds back into the Capital Reserve and to the uncertainty of the situation and while he sees the need for social services and public art he is reluctant to start a new program. Council Member Stahel spoke to it being appropriate to discuss an increase in social services funding in the future and stated that he concurs with the City Manager in the use of an incentive.

The Council discussed the Plano Forum being more self supportive and living up to their commitment, leaving the \$10,000 in the funding distribution (funding \$40,000), concern that additional funds will be requested again the next year and whether or not this program should be funded. Regarding funding of the Plano Forum, no recommendations were unanimously agreed upon by the Council, therefore funding for the Plano Forum remains at \$40,000.

The consensus of the Council was to approve additional ambulance fees. The Council discussed placing this amount into the Capital Reserve, General Fund, and leaving it "in the bank." No concurrence was agreed upon as to the use of the added revenue.

The Council concurred not to fund \$100,000 in public art projects. The Council concurred not to fund an additional amount of \$120,000 to the social services at this time. The Council concurred to set the tax rate at 45.35 cents by a show of hands.

Mayor Evans stated that the Council will not need to meet next Saturday. Nothing further was discussed. The meeting adjourned 2:05 p.m.

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Pat Evans, **MAYOR**

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Elaine Bealke, **CITY SECRETARY**