

**PLANO CITY COUNCIL**  
**Budget Worksession**  
**August 18, 2001**

**COUNCIL MEMBERS**

Jeran Akers, Mayor  
Rick Neudorff, Mayor Pro tem  
Phil Dyer, Deputy Mayor Pro tem  
Shep Stahel  
Pat Evans  
Steve Stovall  
John Roach  
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 Akers convened the meeting into open session at 8:10 a.m., Saturday, August 18, 2001, in the Council Chambers of the Plano Municipal Center, 1520 K Avenue. All Council Members were present. Mayor Akers stepped away from the bench at 11:15 a.m. and returned at 12:20 p.m. Council Member Roach did not resume his seat at the bench following the lunch recess at 12:23 p.m.

**Call to Order**

Mayor Akers stated that the Council would be conducting the Fiscal Year 2001-02 Budget Worksession.

**Request for Public Input on Budget**

Sheila Huckaby, Heritage Farmstead Museum representative spoke in support of continued funding for the farmstead and asked that funds not be frozen. She spoke to recognition received and to this being an accredited museum facility. City Manager Muehlenbeck advised that this facility is owned by the City. The Council discussed funding allocations, and spoke to Staff looking into the Heritage Farmstead Museum being funded in the future under the Parks Department as well as other City operations that might better be under another umbrella during the next budget process.

Thomas Franklin, Jr. representing the Heritage Farmstead Museum spoke in support of continued funding and concurred with the recommendation regarding the museum being listed under the Parks Department.

## **Budget Worksession Overview**

### **Highlights of 2000-01 and Outlook for 2001-02**

City Manager Muehlenbeck advised that the proposed total budget is \$289.5 million representing an increase of 6.3% over the 2000-01 re-estimate. He stated that there is a recommended ad valorem tax rate of 45.85 cents per \$100 assessed property value with a total property value at \$18.9 billion. Mr. Muehlenbeck stated that this is the 12<sup>th</sup> consecutive year that the City of Plano has provided for the needs of the citizens without a tax rate increase, projections provide for a 4% sales tax increase next year, and that sales tax decreased 11% in June of this year compared to last year's numbers. He spoke to this creating a sales tax shortfall, building development revenue decreases, municipal drainage rate adjustment increases, \$4.9 million pay for performance increases, 85 requested positions, \$3 million in public safety additions, and mid-year salary adjustments which by itself is not included in this budget. He spoke to new capital improvement projects for park and athletic facilities and the transit village community room which will require \$431,000 in operating costs and will add three new positions. Mr. Muehlenbeck stated that \$800,000 has been included for new library books, \$970,000 in project debt payment for proposed certificates of obligation for improvements to the City's network infrastructure and rebuild at an estimated cost of approximately \$4.2 million. He further stated that included in this budget is a \$12.9 million transfer to the Capital Reserve Fund.

## **Funding Requests**

### **Presentation of Community Relations Commission**

Community Relations Commission Chair Betty Monday-Mahan spoke to proposed grant recipients for the coming year outlined in the packet and stated that a great deal of care was taken this year in applying funding to emergency services.

City Attorney Wetherbee advised regarding Council Members who are currently serving on community boards receiving funding from the Community Relations Commission in such a capacity as to represent a conflict of interest. Council Member Roach spoke to a conflict of interest with Hope's Door, Rape Crisis Center of Collin County, Court Appointed Special Advocates (CASA), and Practical Parent Education. Mayor Akers spoke to a conflict of interest with Plano Community Charity. Council Member Stovall spoke to a conflict of interest with Collin Intervention to Youth (City House). Deputy Mayor Pro tem Dyer spoke to a conflict of interest with Hope's Door and Practical Parent Education.

Ms. Wetherbee advised Council Member Evans that serving in an advisory and auxiliary capacity to Hope's Door and CASA does not constitute a conflict of interest.

Ms. Monday-Mahan and Neighborhood Services Manager Buffington advised Council Member Lambert that all necessary reports have been received. The Council responded to the City Manager and discussed the \$1 per-capita rule of thumb recommendation currently used for funding, as well as what the recommendation for next year should be and concurred that for now this would not change. Ms. Monday-Mahan thanked the Council on behalf of the organizations for their continued support.

The Council concurred to fund as recommended all organizations listed in the packet, with the exception of those organizations who have been identified by Council Members who have an actual/appearance of conflict of interest and who are listed as follows:

With Council Member Stovall stepping down due to a conflict of interest, the Council concurred to fund Collin Intervention to Youth as recommended. Council Member Stovall returned to his place at the bench.

With Deputy Mayor Pro tem Dyer and Council Member Roach stepping down due to a conflict of interest, the Council concurred to fund Hope's Door and Practical Parent Education as recommended. Deputy Mayor Pro tem Dyer returned to his place at the bench.

With Council Member Roach stepping down due to a conflict of interest, the Council concurred to fund Rape Crisis Center of Collin County and Court Appointed Special Advocates (CASA) as recommended. Council Member Roach returned to his place at the bench.

With Mayor Akers stepping down due to a conflict of interest, the Council concurred to fund Plano Community Charity as recommended. Mayor Akers returned to his place at the bench.

Council Member Stahel spoke to approaching other cities regarding consideration of a program of contribution similar to the City of Plano. Mayor Akers advised that he would discuss this recommendation at the next Mayor's meeting.

### **Presentation of Cultural Affairs Commission**

Cultural Affairs Commission Chair Gay Lyne Tarango spoke regarding allocation of funding for arts and historical grants, processes used, and the recent discussion of freezing allocation amounts. She stated that the arts and historical groups have sought out donations from corporations and individuals and in some instances have reduced funding amounts relied on from the City.

Ms. Tarango spoke to processes used and recommended line item funding allocations for arts and historical as listed in the packet and advised that Dallas Chinese Philharmonic is not recommended for funding as ideas proposed by this organization were not fulfilled. She stated that it is the Commission's belief that this recommendation of funding is a fair compromise and sets the stage for the allocation amount to be frozen in future years giving ample time to the arts and historical groups to prepare. Ms. Tarango requested that if figures are adjusted the Commission be given the new figures in order to make reallocation of that number and further stated her thanks to the Council for the opportunity to serve on this Commission.

Ms. Tarango recommended things stay as they are regarding moving the historical side out of the Cultural Affairs Commission and into the Heritage Commission because monies are linked and because the grant process is similar. Deputy Mayor Pro tem Dyer spoke to the makeup of the Cultural Affairs Commission coming more from the art community than the historical community and spoke to separating the two in order that there might be real expertise in these different areas. Ms. Tarango concurred in that considerations towards this end might be made by the Council when appointments are made. Mayor Pro tem Neudorff recommended that there be discussion on a future agenda regarding this recommendation before appointments are made. Council Member Stovall spoke to the Cultural Affairs Commission being a grant recommending body and stated they were never involved in anything other than this and further recommended that the historical remain with the Cultural Affairs Commission. Mayor Akers stated that with two Council Members addressing this issue that discussion of this will be placed on a future agenda. Ms. Tarango spoke to percentage allocations for the entities. City Manager Muehlenbeck spoke to current funding of the Fourth of July celebration payment to the Plano Symphony Orchestra out of non-departmental and spoke to moving it into this appropriation towards keeping monies together paid to the various groups. Ms. Tarango spoke to the positive contribution by Sabrina Shuford towards this commission.

The Council concurred that funding as recommended for all organizations listed in the packet with the exception of the Plano Children's Theatre having been identified by Mayor Akers as having an actual/potential conflict of interest be approved.

With Mayor Akers stepping down due to a conflict of interest, the Council concurred to fund the Plano Children's Theatre as recommended. Mayor Akers returned to his place at the bench.

### **Economic Development/Replacement of Downtown Advocate**

Director of Economic Development Bane reviewed businesses coming on line in the City and the positive impact this will have in the community. She spoke to the Austin-based Texas International Partnerships which works on developing international strategy for the community and the suggestion of establishing a technical clearing house for Plano's companies.

Ms. Bane spoke to a marketing tool specifically designed for the Research and Technology Crossroads, advised that this year's proposed budget is approximately 2.4% higher than previous years and that the Downtown Development budget is slightly lower.

Ms. Banes spoke in support of the positive impact of the Downtown Advocate position efforts. City Manager Muehlenbeck spoke to moving the Downtown Advocate position from Economic Development and into the City and the Parks and Recreation Department. Mayor Akers spoke to the Planning Department as a possible location for this position to which the City Manager responded that at this point the Parks Department seems to be the more likely area but that future consideration could be given this.

### **Plano Conservancy/Historic Preservation**

Plano Conservancy for Historic Preservation representative Maggie Sprague advised that work has been done with Director of Parks and Recreation Wendell and that an agreement has been drawn regarding the Interurban Station and that funding is requested for the next year in order that the program might continue. She spoke to concern regarding freezing of funds from the Hotel/Motel tax revenues. Mayor Pro tem Neudorff spoke to funding this request out of historical contingency rather than as a separate budget item to which the City Manager advised that this request does qualify. Mayor Akers spoke to this not being a grant but a service being provided the City. Council Member Roach spoke to this as an economic development tool critical to the downtown area and in support of funding. Council Member Lambert spoke to the City owning the Interurban Station.

Ms. Sprague spoke to restoring the Interurban Mail Car at the museum as a project under the historic portion of the Hotel/Motel tax and to the possibility of staffing being provided under the Parks Department. Mayor Akers spoke to a consensus of the Council to support this request and to funding this request out of contingency. Council Member Roach spoke to this being an ongoing project and to the need of funding this as a line item. Council Members Evans and Stovall spoke to placing this item under the Parks Department. Mayor Akers advised that this would be a stand-alone item for this year and further spoke to the possibility of placing this item under the Parks Department next year.

### **Council Items and Issues For Discussion**

None were discussed.

Mayor Akers advised that the Council would take a brief recess at 9:50 a.m. The Council reconvened back into open session at 10:05 a.m.

## **Operating Budget**

### **Revenues: Ad Valorem Tax Base/Tax Rate Scenarios/Rollback Tax Rate/Effective Tax Rate/Sales Tax/Other Revenues/Proposed Ad Valorem Tax Rate**

Director of Budget and Research Rhodes advised that information received from the appraisal district indicates the assessed property value for the City in 2001-02 is estimated to be \$18.92 billion, new property coming on line is projected at \$952 million, and existing property values are projected at \$1 billion. She stated that the City is projecting collecting \$86 million in property taxes at the proposed tax rate of 45.85 cents. Ms. Rhodes spoke to the Property Tax Code which serves 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 and further advised that the effective tax rate is an amount 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 further spoke to requirements to publish tax information on the City Internet web site. Ms. Rhodes advised that according to the appraisal district the City's effective tax rate for this year is 42.86 cents and that it is recommended a tax rate of 45.85 cents be adopted. She stated that if the current effective tax rate is adopted, \$5.7 million must then be eliminated from the budget but that if the Council concurs to adopt the proposed tax rate of 45.85 cents, notice must be published and a Public Hearing held (scheduled for August 27). She stated that according to the appraisal district the City's maximum allowable rollback rate for this year is 44.84 cents. Ms. Rhodes stated that in order to comply with current tax laws the recommended tax rate proposed by the Council must be stated today in order to provide the proper notice.

Council Member Lambert spoke to adjusting the tax rate down 1.01 cents, and spoke to the possibility of a rollback election. Ms. Rhodes spoke to the General Fund balance being reduced to 30 days of operation down from 36 days stating that this would reduce the budget by \$2.3 million. The City Manager spoke to maintaining the AAA bond rating, moving to a healthier ending balance in the General Fund, and funding 75% and higher to depreciation over a period of time. Mayor Akers spoke to choosing a number somewhere in between the 30 and 36 days of operation, and further regarding the AAA bond rating equaling \$2.3 million in interest as opposed to the next rating level. He spoke to being sensitive to the citizens with a rate adjustment and fiscally responsible at the same time. Ms. Rhodes reviewed sales tax scenarios reviewed with the Council.

City Manager Muehlenbeck spoke to receiving direction from the Council as to where they are going with the rate. Ms. Rhodes stated that currently the sales tax is estimated at \$49.2 million in the 2000-01 re-estimate and \$51.1 million in 2001-02 which represents a 4% increase scheduled over the current re-estimate.

Council Member Lambert spoke to the coming year and plotting sales tax as it is received with regard to a trend developing on the long or short side. Mr. Lambert advised that he prefers the recommended tax rate be reduced one point zero-one (1.01) cents, back to the rollback rate.

Council Member Roach recommended that the tax rate be reduced one-half (.50) cent. Council Member Stovall recommended that the tax rate be reduced one-half (.50) cent to one (1) cent. Deputy Mayor Pro tem Dyer spoke in support of retaining money for the Capital Reserves and reducing the tax rate one-half (.50) cent to one (1) cent. Council Member Stahel spoke in support of the AAA bond rating and good management and good planning, and stated that he feels that the Capital Reserve is very important and further spoke in support of trimming the tax rate modestly whether it be one-half (.50) cent or one (1) cent. Council Member Evans stated that maintaining services are very important and further that one-half (.50) cent reduction would be the most she could support. Mayor Pro tem Neudorff spoke to a one-half (.50) cent or one (1) cent rate reduction and to being in support of increasing the Capital Reserves. Mayor Akers stated that the consensus of the Council is to find one-half (.50) cent to one (1) cent towards reducing the tax rate, there is uncertainty regarding the economic future, spoke to discussion of raising the water rates, and suggested that a rate reduction can be given to the citizens. He further requested that the City Manager look at the budget and suggest where the one-half (.50) cent to one (1) cent might be found.

## **Program Changes**

### **Employee Merit Increases/Midyear Market Adjustment/TMRS 5-Year Vesting**

Director of Human Resources Ross spoke to changes in the performance evaluation form and to meeting with departments and educating them regarding changes. She stated that a mid-year market adjustment will be looked at in late winter or early spring and that because data is not now available this cannot be done until that time. She advised Council Member Stahel that non-municipal entities are surveyed towards obtaining salary data and further that fewer calls are being received from Staff with regard to an urgency to hire new employees. City Manager Muehlenbeck advised that this budget does not contain a mid-year adjustment. Council Member Lambert spoke to the report being delayed somewhat in order that it might actually be included in next year's budget in an effort to ascertain what type of adjustment might need to be done. Ms. Ross stated that more work is being done towards promoting the City's benefits plan as the good benefit that it is and spoke to attendance by Staff at the career fairs.

Ms. Ross spoke to the proposed change in the current ten-year vesting to five-year vesting and stated that if the Council supports this change this will become effective January 1, 2002. Council Member Stahel spoke in support of this recommendation and stated that this is a powerful recruiting tool. The Council concurred with this recommendation.

## **Public Safety Additions/City Watch Program**

Assistant Chief of Police Rushin stated that nineteen additional positions are being requested which include additions to the Warrant Unit, Quality Compliance Specialist, Public Information/Web Page Specialist, Jailers, Criminalist, Patrol Officers and a Traffic PSO for the Safe Streets Initiative and further reviewed the functions and costs of the positions. The City Manager advised that these requests have all been funded. Chief Rushin spoke to the Service Standard Index included in the packet which is a method used to derive the number of officers needed and to applying a number of officers to red light and traffic enforcement. Council Member Lambert stated that adding new officers should provide significant assistance in program enforcement.

Chief Rushin spoke to the Crime Watch Program Mail System and stated that this item is unfunded. He reviewed the program objectives defined as a non 911-program. He stated that a drawback of the system is that the vendor phone number data bases must be purchased and that unlisted phone numbers are not available and further stated that telephone updates are frequent therefore rendering the system not necessarily up to date. He advised Council Member Stahel that he is not aware of any potential corporate contributions that might be available to do this. He stated that the approximate cost is \$47,776 for start-up and an on-going cost of \$17,876 for phone lines and maintenance and subscriber data bases. Chief Rushin stated that this is something that the department would like to have but that it is not critical. Ms. Rhodes spoke to discussions for an equipment replacement fund for smaller items such as this one. Council Member Evans spoke to placing City Watch funding on the board and stated that she has heard from citizens regarding this program. Council Member Stovall stated that this is an outstanding program. Mayor Pro tem Neudorff spoke to exercising caution before placing this item on the board. Council Member Lambert to the possibility of revenue generation with use of the program. Council Member Stahel spoke to the concerns with unlisted numbers, taking a comprehensive approach and to receiving answers to clear things up. Mr. Lambert spoke to placing this item on the board.

## **Technology**

### **E-Commerce/E-Government and Network Infrastructure Rebuild**

Information Services Director Collins spoke to the e-commerce initiative and how this growth has occurred and where the City is going. He stated that project teams have been organized regarding e-commerce policies and applications, outside resources have been identified, infrastructure design has been done, and that conceptual design for the first application which would be customer service was done with actual testing being conducted. He stated this will go to a live testing environment in September with on-line payments and service sign up and then be brought before the Council for review. Mr. Collins advised that cost for e-commerce which goes beyond customer service starts at \$1.2 million to \$1.8 million and spoke to needed hardware and software that will need to be in place.

Mr. Collins stated that this concept must be marketed and encouraged to the citizens. The City Manager spoke to considerations of whether or not convenience fees will be charged or charges for the use of a credit card made and spoke to absorbing these costs on the front end in order that savings might be seen further down the road. Mr. Collins spoke to a detail cost analysis that must be done by area on what goes in towards accomplishing e-commerce the first year, and further stated that potential savings are perceptual. The City Manager stated that competition necessitates going forward with this application and stated this is a funded item. Council Member Stahel spoke to not making the software entirely Plano specific in order that this might be marketed to other cities.

Mr. Collins spoke to the number-one priority of the Technology Plan as having been to evaluate and renew the City's network infrastructure as it was felt that it was not functioning correctly. He advised that a firm was engaged to do this, eight months were spent on this project, and further verified that the network was in danger of failing or melting down. He spoke to the previous three-year personal computer replacement plan, demand for high-speed connectivity, c-cable which was unreliable, and potential infrastructure failure. He stated that the largest part of the cost to fix the infrastructure is re-cabling of the City but that currently the true cost being charged is one of non-performance. Mr. Collins stated that an infrastructure replacement/maintenance charge-back fund is currently being worked on towards maintaining state of the art systems and further stated that the future will be in wireless although this is not the case today or realistically in the next two years. He spoke to a three to five year life expectancy in the replacement fund.

The Council recessed for lunch at 12:23 p.m. and reconvened into the open session at 1:02 p.m.

### **Safe Streets Initiative**

Executive Director Turner reviewed the status of the Safe Streets Initiative, proposed funding requested and advised that this program is being expanded to allow for additional types of traffic calming designs which includes traffic circles, bulb-outs, and a wandering type street. He stated that requested funding will be used when a determination is made that it is a necessary activity. Council Member Lambert recommended going forward with this request.

### **Parkway Service Center Expansion**

Executive Director Hogan spoke to the expansion request and the need for infrastructure requirements to maintain a level of service and the need for additional truck bays and to keeping the shop efficient. The City Manager stated that this operation has been benchmarked in the private sector as a low-end cost operated facility.

## **Funding of the Capital Reserve**

Director of Budget and Research Rhodes spoke to funding scenarios for the Capital Reserve outlined in the packet at 75% and 100%. She stated that most other cities surveyed are selling debt rather than funding as Plano is. She advised the Council that GASB34 requires cities to do a conditional assessment regarding the infrastructure to then be reported on the books and further stated that funding does not have to be at 100%. Mayor Pro tem Neudorff recommended that over a five-year period, whatever excess sales tax revenue is realized, that the Capital Reserve be funded up to 80% the first year up to the 100% goal. Council Member Lambert recommended that three major categories be set-up with a running total kept of what is being appropriated for each one. Council Member Stahel stated that taking the Capital Reserve from 75% to 100% in one year is too much. The City Manager spoke to waiting until all asset identification and accounting is done. Mayor Akers stated that there is concurrence with the Council for the proposal. Mr. Stahel spoke to the 80% amount and stated that he concurs with Mr. Neudorff that if sales tax is higher than the estimates have indicated, that the Capital Reserve be funded at 80% before diverting the balance to other uses. Mayor Akers spoke to concurrence to 5% per year as a goal to aim for the 100%.

## **Municipal Drainage Rates/Water and Sewer Rates**

Ms. Rhodes spoke to the five-year phased-in plan for drainage utility rates, requests for increases in the drainage rates, and to the fund study which includes the proposed increases. She spoke to percentage increases and stated that a separate ordinance will be brought back for the rates.

Ms. Rhodes spoke to the water and sewer reserve fund balance and to transferring \$4 million from this fund to stabilize the rates for just this year and further recommended that a sub-committee be formed to review and update the water and sewer rate model with Staff. Ms. Rhodes reviewed changes made to the fund, minimum gallons recommended for next year, and rate increases from the water district.

Council Member Stahel stated that he is comfortable in adopting the budget as it is and spoke to the sub-committee coming into play in the next few months. Mayor Pro tem Neudorff stated his concurrence. Mayor Pro tem Neudorff stated he would serve on the sub-committee along with Council Member Stahel.

## **Tax Rate**

City Manager Muehlenbeck spoke to lowering the tax rate one-half (.50) cent providing a tax rate of 45.35 cents to which the Council concurred. Ms. Rhodes stated that this would leave approximately 33 days in the General Fund. Council Member Lambert spoke to looking hard at the sales tax.

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Council Member Lambert spoke to the Regional Transportation Council and a transportation summit hosted by the City of Irving and the formation of a group formed titled TEX21. He stated that cities are being asked to join in an effort to promote transportation funding and that \$20,000 per year would be Plano's share. He stated that this could be included in the miscellaneous portion of the budget and spoke in support of the effort.

Mayor Akers stated that the August 25 budget meeting will not be necessary and that an August 27 Public Hearing will be held on the tax rate. The City Manager stated that City Watch information will be brought back to the Council. Nothing further was discussed. The meeting adjourned at 1:42 p.m.

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Jeran Akers, **MAYOR**

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Elaine Bealke, **CITY SECRETARY**