

**PLANO CITY COUNCIL**  
**Budget Worksession**  
**August 13, 2011**

**COUNCIL MEMBERS**

Phil Dyer, Mayor  
Pat Miner, Mayor Pro Tem  
Lissa Smith, Deputy Mayor Pro Tem  
Ben Harris  
André Davidson  
James Duggan  
Patrick Gallagher  
Lee Dunlap

**STAFF**

Bruce Glasscock, City Manager  
Frank Turner, Deputy City Manager  
LaShon Ross, Deputy City Manager  
Diane C. Wetherbee, City Attorney  
Diane Zucco, City Secretary

Mayor Dyer convened the Council into the Budget Worksession on Saturday, August 13, 2011 at 8:03 a.m. in the Council Chamber of the Plano Municipal Center, 1520 K Avenue. All Council Members were present.

**Public Hearing and Council discussion and direction regarding a possible charter election to include, but not limited to, propositions on: revising Council length to terms and term limits; municipal court of record; and general clean-up of provisions that are obsolete or preempted by state or local law**

Mayor Dyer opened the Public Hearing. No one spoke for or against the item. The Public Hearing was closed.

City Secretary Zucco advised the Council that pricing received from Collin County is still an estimate and advised that retaining three-year staggered terms would result in the purchase of election equipment the first year with rental charges thereafter. She advised that calculations for centralized costs may be revised to split expenses based on the number of registered voters rather than equally among the number of entities participating in an election. Ms. Zucco responded to the Council, advising that it is unclear whether or not other entities would use equipment purchased by the City; annual rental costs are related to machine replacement and repair; and administrative fees are based on the entire cost of an election. She reviewed the time frame for May elections in even-numbered years, advising that the City's election would take place only two days prior to early voting in the primary runoff.

Ms. Zucco spoke to the City's inability to designate polling locations for a November election and the possibility that contracting entities may work together to revise sites for May elections. She reviewed other options including moving the May election to odd-numbered years with either two-year or four-year staggered terms or November elections and advised that no estimates include a charter election or contracting with Denton County for residents in that area. City Attorney Wetherbee advised that once a ballot item is placed on a Charter Election, it may not be removed. Mayor Dyer requested the item be brought forward again at the August 22, 2011, meeting.

### **Request for Public Input on Budget & CIP**

No one appeared to speak.

### **Budget Worksession Overview**

#### Highlights of 2009-10/Outlook for 2010-11/Outlook for 2011-12

City Manager Glasscock spoke to the recommended budget of \$408 million being a 2.7% increase over 2010-11 with an estimated \$216.9 million in General Fund expenses and maintaining the current property tax rate of 48.86 cents per \$100 valuation. He spoke to maintaining the funding of economic development, transfers to the Capital Reserve Fund, a two percent across-the-board salary increase, the reduction of seventeen City-wide full-time employees, and cost savings submitted by Staff. Mr. Glasscock spoke to an operating rate of \$31.49 and lowered debt rate of \$17.37, capping sales tax at \$57 million and not passing water district increases on to customers.

### **Council Items and Issues for Discussion**

No items were brought forward.

### **Operating Budget**

#### Revenues – Ad Valorem Tax Rate/Tax Rate: Effective and Rollback/Sales Tax: Sales Tax Cap/Water & Sewer Rates/Other Revenues

Director of Budget and Research Rhodes-Whitley spoke to assessed property values of \$25 billion with collections on new property of \$182 million and an increase in revenues from existing properties. She spoke to the average home value of \$245,074, exemptions offered by the City of Plano reducing revenues by \$25.5 million and the Over-65 tax freeze resulting in a loss of \$771,000. Ms. Rhodes-Whitley spoke to the City's portion of property taxes being 19.6% and sales tax revenue lost to internet sales. She advised that the City does not plan to pass increases from the North Texas Municipal Water District on to customers at this time and the Council discussed the take-or-pay terms of the contract. Assistant City Manager/Director of Customer Service Utility Billing Israelson spoke to analysis of the North Texas Municipal Water District contract, non-member entities that are not tied to the district's debt, terms of the contract acting as a disincentive to conserve resources, reduced benefits of membership, the requirement for unanimous direction to revise the contract and its lack of a termination date. He advised the Council that growth cities can acquire more inexpensive water through terms of the agreement and to the potential benefits of negotiating a five-year rolling average level.

Mr. Israelson spoke to consideration of the contract by other cities that are nearing maturity and Ms. Rhodes-Whitley advised that water/sewer rates are mid-range as compared to other Texas cities.

Ms. Rhodes-Whitley spoke to the increase in building and development fees in 2010-11 of \$3.7 million and projected decline for 2011-12 of 25%. She spoke to other revenue changes including decreases based on a re-estimation of municipal court fines (-\$1.5 million); decline in recreation membership fees (-\$533,686); lowered interest earnings (-\$389,909); decrease in mixed beverages tax revenue (-\$250,541); and decrease in residential reinspection fees (-\$239,424). She spoke to revenue increases in closing Tax Increment Financing Reinvestment Zone No. 1 (\$1 million); enhanced fire inspection program (\$300,000); and settlement of an electric franchise rate case (\$525,000). Council Member Dunlap requested information regarding the return on investment for property taxes paid to Collin County.

### **Program Changes**

#### Across the Board 2%

City Manager Glasscock spoke to budget reductions taken in prior years and the direct impact on employees. Deputy City Manager Ross responded to the Council, advising that of the \$10.1 million in impacts, \$5.6 million represents raises of 3-4 percent that were not granted over the last three years. She spoke to departmental savings resulting in funds that could be utilized for a 2% across the board salary increase for 2011-12. Ms. Ross responded to the Council, advising that only Fire and Police Staff are on step programs and spoke to future consideration of the City's compensation plan as it now falls below the current philosophy of 5% above median.

#### Fire Department Staffing

City Manager Glasscock spoke to the decision to add equipment and open Fire Station #13 in order to have a positive impact on retention of the City's ISO #1 rating. He advised that in the next three to four years the hiring of additional fire fighters will have a tax rate impact of two cents and stated that Staff will continue to monitor this issue.

#### Three-year Financial Forecast Update

Ms. Rhodes-Whitley spoke to the deficit projected in March 2011 (\$9.3 million) and the revised forecast utilizing the following assumptions: no salary increases for 2012-13 or 13-14; appraised values remain flat for FY 2012-13 and increase 1% in 2013-14; new growth is expected at \$400 million for FY 2012-13 and FY 2013-14; Building and Development revenues decrease 15% for FY 2012-13 and 10% for 2013-14; Capital Improvement Projects coming on-line include additional firefighters; \$1 million a year for library books; and debt sales of \$30 million per year. She advised that the revised forecast for 2011-12 includes 30 days of working capital; a \$13.9 million deficit in 2012-13; and a deficit of \$11.2 million in FY 2013-14. Ms. Rhodes-Whitley advised that if Council revised the cap on sales tax to \$59 million, the deficit for 2012-13 would be \$5.1 million and \$8.9 million in 2013-14. Council Member Harris spoke to consideration of a lower level of bond sales. Ms. Rhodes-Whitley responded to the Council, advising that revenues for the current year were better than anticipated with expenses lower. She spoke to payment of bond debt and City Manager Glasscock advised regarding future discussion of a 2013 bond election.

### Non-resident Library Usage Charge

Deputy City Manager Ross spoke to the reduction in state funding/grants for libraries and the loss of “net lender” monies. She advised that monies received from Collin and Denton counties do not fully subsidize the cost for providing full library services to all citizens from the counties and advised that implementing non-citizen fees should increase the availability of materials and resources for Plano citizens. Ms. Ross advised that effective October 1, residents of cities that provide free library cards to Plano citizens will not be charged a fee, but other non-residents will be charged \$50/year. She responded to the Council, advising that outsourcing of the libraries would result in a reduced level of services and Mr. Glasscock spoke to considering limiting the number of items that can be checked out by non-residents. The Council stated a consensus in support of the proposal and requested Staff follow-up with the school district regarding the impact to students.

### Summer Arts Program Discussion

Director of Public Information Conklin spoke to the program providing outreach and education in dance, music, drama and the visual arts due to be rebid in 2012 and funding of \$55,290 for 2010-11. The Council spoke to focusing on the needs of the citizens of Plano and continuation of the program. Ms. Conklin advised that Staff would look into possible grant funding for the program and spoke to future consideration of the contract.

The Council took a brief recess at 10:02 a.m and reconvened at 10:12 a.m.

### City-wide National/Regional Membership

City Manager Glasscock spoke to participation in various organizations and Council consideration of costs and benefits of membership. The Council concurred to remove membership in the Alliance for Innovation and reconsider it in coming years; retain membership in the ATMOS Gas Cities Steering Committee which participates in consideration of rate cases; and the Dallas Regional Mobility Association which advocates on issues for North Texas. The Council concurred not to fund membership in the Greater Dallas Planning Association, but to remain open for sponsorship opportunities that may benefit the City. The Council concurred to continue funding membership in the Metroplex Mayors Association and to discontinue funding for the National Forum for Black Public Administrators Association. The Council discussed participation on National League of Cities committees, potential benefits of membership, networking in the organization, costs of conference attendance and concurred to maintain membership and revisit benefits on an annual basis. The Council spoke to the regional value of membership in the North Central Texas Council of Governments and concurred to delay funding for the Vision North Texas Program. The Council concurred to retain membership in the North Texas Commission, Plano Chamber of Commerce, Texas Municipal League, Texas Clean Air Cities Coalition of Utility Issues, and Oncor Standing Steering Committee. The Council took no action on the TEX-21 or Texas Clean Air Cities Coalition and City Manager Glasscock spoke to an annual review of memberships.

City-wide Budget Reductions

Budget and Research Director Rhodes-Whitley spoke to increased revenues from sales tax and a future Council discussion regarding revision of the sales tax cap.

**Community Investment Program (CIP)**

Director of Budget and Research Rhodes-Whitley spoke to planned Capital Improvement Program expenditures of \$89 million and the lack of monies available for street improvements in the coming years. She spoke to putting large projects into consideration for bond authority and receipt of matching funds. Ms. Rhodes-Whitley spoke to the current financial policy of 75% depreciation for the Capital Reserve Fund and Mr. Glasscock spoke to future discussions regarding the issuance of bond referendums for projects. Ms. Rhodes-Whitley spoke to the retired debt anticipated in the coming years, the interest and payments on bond debt, and operation/maintenance costs associated with projects. She responded to the Council, advising that the expansion of the Senior Center has been postponed due to the impact of operations/maintenance costs.

**Proposed Ad Valorem Tax Rate**

Director of Budget and Research Rhodes-Whitley spoke to a proposed ad valorem tax rate of 48.86 cents per \$100 valuation, public hearings to be held on August 22 and 31 and a vote on the tax rate on September 12, 2011.

Nothing further was discussed. Mayor Dyer adjourned the meeting at 11:21 a.m.

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**Phil Dyer, MAYOR**

ATTEST:

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Diane Zucco, City Secretary