

PLANO CITY COUNCIL
Budget Worksession
August 16, 2008

COUNCIL MEMBERS

Pat Evans, Mayor
Jean Callison, Mayor Pro Tem
Harry LaRosiliere, Deputy Mayor Pro Tem
Pat Miner
Scott Johnson
Mabrie Jackson
Sally Magnuson
Lee Dunlap

STAFF

Thomas H. Muehlenbeck, City Manager
Frank Turner, Executive Director
Bruce Glasscock, Executive Director
Rod Hogan, Executive Director
Diane C. Wetherbee, City Attorney
Diane Zucco, City Secretary

Mayor Evans convened the Council into the open session at 8:09 a.m. on Saturday, August 16, 2008, in the Council Chambers of the Plano Municipal Center, 1520 K Avenue. All Council Members were present with the exception of Council Member Magnuson who arrived at 8:11 a.m.

Request for Public Input on Budget and CIP

Mayor Evans invited those in attendance to provide comments. Chair of the Keep Plano Beautiful Commission John Caldwell spoke regarding the board's efforts, revenue generated and awards received. He proposed additional reduction of expenses and donation of volunteer hours. Citizen of the City Sonja Hammar stated concern that citizens cannot speak during individual items and opposition to the continued spending for the Plano Economic Development Board. She spoke regarding the trust fund of the board and their increasing expenses and to considering economic conditions when funding the Arts of Collin County. T.J. Johnson, representing the Plano African American Museum spoke to requested funding as an individual entity and made a request for an additional \$41,229 to support the internal restoration project, museum design art project, internal sprinkler system and to develop a walk-tour program. Executive Director of the Heritage Farmstead Museum Hal Simon requested approval of funding, advising that monies will assist with daily operations and improve the educational program of the facility.

Budget Worksession Overview

Highlights of 2007-08/Outlook for 2008-09

City Manager Muehlenbeck spoke to economic pressures on the City including the rising cost of fuel and electricity and to balancing the current budget with a carry-over into 2008-09. He spoke to the challenges of addressing the need for a carry-over and efforts by Staff including a reduction of 43 full-time and 7 part-time positions.

Mr. Muehlenbeck spoke to recommended fee increases, continuing with important capital projects while addressing operation costs, and to the Council reviewing the 2009-10 budget upon adoption of the 2008-09 budget. He spoke to advising voters of the construction and operation costs of facilities when holding prior bond elections and to the City absorbing those costs as a result of property tax growth. Mr. Muehlenbeck spoke to the City's strong position having a nearly 50/50 split between residential and commercial/industrial/corporate properties.

Funding Requests

Presentation of Heritage Commission

Vice Chair Janice Cline spoke to the Commission's role in reviewing grant applications and recommending those to receive monies. She advised that the 2008-09 budget includes the Thornton House - Plano African American Museum (PAAM), Heritage Farmstead, North Texas Masonic Historic Museum and Library and the Plano Conservancy for Historic Preservation. Ms. Cline advised that while \$1.06 million was requested, \$677,710 was available and to the Thornton House making its own application.

Senior Planner Sims advised that PAAM is requesting additional funds for projects and Budget Director Rhodes advised that this figure would go onto the board for later consideration. Mr. Sims spoke to there being no 50/50 guideline for heritage commission grants and that this might be a consideration for future updates to the Preservation Plan. He spoke to most of the money from grants being utilized for operations/maintenance and advised that groups have cut back on their projects in order to cover operation costs with funding. Ms. Cline advised that prioritization was requested from groups and that many projects were not funded. Council Member Dunlap spoke to the professional review of applicants by the board.

Presentation of Cultural Affairs Commission and Special Events Grants

Chair Chris Griffith reviewed the funding cycle, advised that the majority of monies fall into major grants and stated that sixteen organizations are recommended for a total of \$672,739. He spoke to the Small Grant Program for start-up groups which provide \$1,000 and to the funding of five groups. Mr. Griffith spoke regarding the Special Events Grants in an amount of \$297,411 and responded to the Council advising that parades do not fall under the purview of the Commission. Special Events Coordinator Conklin spoke to the Susan G. Komen Race for the Cure as eligible for up to 25% of their overall budget and Creative Arts Manager Wear responded to Mayor Evans regarding performances of the Frisco Community Theater creating rental income for the Cox building. Mr. Griffith spoke regarding the work of the Quilters Guild of Plano.

Presentation of Community Relations Commission

Community Relations Commission Chair Robert Masengill spoke to public meetings of the Commission, focus on the mission of the Buffington Service Grants, financial management of each organization and measurable goals and advised that 88% of the overall funding went to emergency service providers.

Mr. Masengill spoke to funding seven requests with Community Development Block Grant funds and twenty-three with Buffington funds in an amount of \$524,600. Neighborhood Services Manager Day spoke to the difficulty in setting grant amounts while the population count is incomplete and efforts to accommodate the differences. City Manager Muehlenbeck advised the Council that any monies not used by organizations are reabsorbed and Council Member Miner spoke to the level of City participation in the Family Literacy (PISDEF) organization. Mayor Pro Tem Callison spoke in favor of supporting their efforts to build strong schools. Mr. Masingill spoke to the Buffington Community Service Grants coming from general funding and Mayor Evans spoke to the level of Plano participation in community services as compared to other municipalities.

Ms. Rhodes spoke to determining an allotment for Urban Grants and those items currently unfunded including the PAAM Holiday Fun Run (\$8,641), Susan G. Komen Race for the Cure (\$66,000) and the Urban Town Center Grant (\$15,000). Ms. Conklin advised that while parades come from the same funds as the Cultural Affairs Commission, they are submitted as direct requests to the Council.

Urban Town Center Grant

Rick Baldelli, representing the Historic Downtown Plano Association (HDPa) requested funding in the amount of \$15,000 for the Downtown at Sundown Event to be scaled back and include three events. Downtown Planner Hubach advised that \$8,000 of the funding is City services with the remainder for advertising and operations. He spoke to the total cost of the event in the range of \$300,000 to \$350,000 with monies coming from sponsorships and membership dues. The Council concurred to place \$15,000 on the board for consideration.

Plano Early Lions/Plano Santa's Christmas Parade

Ken Gleason, Secretary/Parade Chairman spoke regarding insurance costs and difficulties in estimating attendance at the events. The Council discussed the impact of the economy and citizens attending more events in Plano. The Council concurred to fund both requests in a total amount of \$20,800.

Economic Development – Operating Budget and Incentives

Executive Director of the Plano Economic Development Board Bane reviewed projects featured in the 2007 Progress Report including 37 commercial projects representing 4,212 jobs and absorption or construction of 1.8 million square feet. She spoke to eight reinvestment zones created with a capital investment of \$36.8 million. Ms. Bane highlighted projects including Capital One Auto Finance, Nexen Petroleum, Invensys, GE Health Care, and Blue Cross/Blue Shield. She spoke to inroads into the Research/Technology district and the role of the economic development fund in marketing the community with sixteen approved projects totaling \$3.9 million representing 1,519 jobs with an average salary of \$77,678 and improvements of \$66 million in real and business personal property improvement.

Ms. Bane spoke to repositioning how the community is marketed using a focus on the website and the interest raised from privately-raised funds to pay for membership in the Governor's Texas One Marketing Initiative. She spoke to interviews with existing businesses to identify satisfaction and plans for expansion or contraction, attendance at trade shows focusing on real estate decision makers and participation in cutting-edge trade shows. Ms. Bane spoke to marketing Plano as well as the four-city cooperative and to the budget presented representing due diligence to ensure it is reflective of operating costs for the next year. She spoke to increases in electricity, equipment maintenance, insurance and association fees and reduction in expenditures for postage and printing.

Council Member Johnson spoke to the increase in taxable property resulting from the growth of corporations, business and retail uses which reflect the efforts of the board. He spoke regarding the even split between those companies relocating to Plano and those retained. Ms. Bane advised the Council that there would have to be a decision made to become active in acquiring monies and that this move may put the City in competition with other organizations. City Manager Muehlenbeck spoke regarding the trust fund's concept to raise \$1 million to fund economic development which was not realized and to utilizing the interest for one-time projects approved by the Board. He spoke to their operation/maintenance of \$855,000 and the funding of \$5.2 million contributed by the two-cent property tax that is controlled by the Council.

Ms. Rhodes clarified the items not included in the budget which include the PAAM, Susan G. Komen Race for the Cure and Urban/Town Center Event Grant.

Council Items and Issues for Discussion

No items were brought forward.

Mayor Evans recessed the work session at 10:08 and reconvened at 10:32 a.m.

Operating Budget

Revenues/Ad Valorem Tax Base/Tax Rate/Rollback Tax Rate/Effective Tax Rate/Sales Tax/Water & Sewer Rates

Budget Manager Rhodes spoke regarding information received from the Denton and Collin County Appraisal Districts, property value of \$25.8 billion and protests being considered by both districts with final figures coming forward by the beginning of September. She advised that the average single-family home value is \$251,733. City Manager Muehlenbeck spoke to City expenses related to the appraisal districts. Ms. Rhodes spoke to the overall property value increase of \$714 million with 81% based on commercial growth. She spoke to exemptions in the amount of \$4.89 billion (tax loss of \$23.2 million) including the 20% general homestead, over-65/disabled and over-65 tax freeze. Ms. Rhodes spoke to the funding of Tax Increment Financing Reinvestment Zones, City taxes of \$953 for an average home and the level of Plano's ad valorem tax rate as compared to other cities.

Ms. Rhodes spoke to the decline in sales tax receipts, benefits last month on the retail side with a loss on the business-to-business side and budgeting a five percent decline for 2007-08 and a three-percent decline for 2008-09. Council Member Dunlap spoke to Chamber consideration of a "Shop Plano First" program. Ms. Rhodes spoke to problems in the Water/Sewer Fund, the water district's plans to increase rates, the City falling 4.7 billion gallons short of the take-or-pay contract, and to the need to update the rate model. She responded to City Manager Muehlenbeck advising that revenue estimates are based 50% on the take-or-pay contract and 50% on past performance. Mr. Muehlenbeck spoke to payment of a large lump sum early in the budget year. Ms. Rhodes spoke regarding the recommended increase from \$65.42 to \$76.00 for a one-inch meter and comparisons to other cities. She spoke to rates covering costs in 2008-09 but leaving a lack of reserve funds in the future to address repairs and the proposal to issue certificates of obligation. Mr. Muehlenbeck spoke to short-term certificates to provide a cushion for capital projects, advised that the certificates would have the full faith and credit of the City, and projects in future years are estimated at \$11.8 million in 2008-09, \$15 million in 2009-10 and \$10 million in 2010-2011. He spoke to projected payback amounts and advised that certificates would have no effect on the bond rating of the City.

Sustainability & Environmental Services Fees

Executive Director Hogan spoke to a recommended an increase of \$1.25 in the cost of a 95-gallon trash container to address increases in the North Texas disposal costs and fuel costs. He spoke to the high level of service provided by the City and moving towards more recycling. Ms. Rhodes advised that financial policy calls for 15 days in the Sustainability fund balance and this will provide 11. Mr. Hogan spoke to contacting other cities regarding aggregate costs.

Fee Increases

Parks and Recreation Fees

Executive Director Hogan spoke to proposed membership changes including a doubling of current rates with a cost recovering moving from 50% to 65%, extended membership requirements to include ages 3-6, extended adult memberships to include ages 16-17, and an increase in the daily admission fee. He spoke to possible loss of memberships as costs increase, calculations based on operation/maintenance and advised he would provide information regarding the possibility of keeping 16-17 year olds in youth fees. Mr. Hogan advised he would obtain information regarding the monthly payment plan and Council Member Jackson spoke to packaging the program reflecting the monthly costs. Mr. Hogan spoke to discontinuing swimming pool coupons, providing a household membership discount, allowing monthly payments, charging non-resident school district members as non-residents, and including a college student membership all of which will result in an increase in revenues of \$990,750. He reviewed rate information for other entities and spoke to increased tennis court, pool rental and recreation room rental fees. Executive Director Glasscock advised Council Member Jackson that he will determine feasibility and costs related to fire station room rentals.

Alarm Permits Fees

Executive Director Glasscock recommended increasing the residential permit fees from \$35 to \$50 resulting in \$300,000 additional annual revenue and business permit fees from \$50 to \$100 resulting in \$149,000 of additional annual revenue. He provided comparisons to other cities and advised that this rate would not recoup Police Department costs for alarm response. Mr. Glasscock advised that Staff responds to all alarms.

Ambulance Fees

Executive Director Glasscock spoke to recommended increases in fees from \$550 to \$600 for a Plano resident and \$635 to \$700 for a non-resident with anticipated increased revenues of \$325,000. He provided comparisons to area cities and spoke to participant reimbursement via insurance or Medicare. City Manager Muehlenbeck spoke to the City's expenses of \$1,400 per call and Mr. Glasscock responded to Council Member Jackson regarding collection of payment. He advised that the Moto Mesh system would have a direct link to ambulance services.

Animal Services & Health Fees

Executive Director Glasscock spoke to an increase in the fee for first impound from \$20 to \$75 generating a revenue increase of \$66,000, pet registration moving from \$7.50 to \$10.00 for altered pets with fees increasing from \$12.50 to \$30.00 for others resulting in a revenue increase of \$36,625. He spoke to increases in registration fees for dangerous animals from \$100 to \$250 generating an additional \$750 in revenue. Mr. Glasscock spoke to new fees including sterilization service (\$30 per surgery) generating \$1,560, pet-grooming facility permits (\$50 each) generating \$900 in revenue, animal establishment permits (\$75 each) generating \$1,200 in revenues and animal exhibition permits (\$25 each) generating \$375 in revenue. He responded that organizations adopting at satellite locations would be addressed in the ordinance and City Attorney Wetherbee spoke to determining consideration of exemptions.

Mr. Glasscock spoke to recommended health fees including establishment of an on-line food manager review course (\$25), food handler card registration (\$10), and a silver recovery permit (\$50), advising that these will generate \$32,000 in increased revenue.

Council Member Johnson spoke to consideration of assessing a recovery fee for non-residents involved in automobile accidents and City Manager Muehlenbeck spoke to possible legislation supporting a fee for traffic tickets.

Building Inspection Fees

Executive Director Turner spoke to recommended increases in the areas of certificates of occupancy, fences, signs and residential plan reviewing totaling \$165,000 in additional revenue based on last-year's use patterns less 10%.

Executive Director Hogan provided further information regarding parks and recreation memberships advising that there are currently 3,800 youth/teen members and that if the age for adult membership were revised to those over 16, it would affect 1,860 individuals. He spoke to the cost for the financing option and advised that if membership ages are shifted Staff would rework figures to attain a 65% cost recovery. The Council concurred requesting Staff to shift the age for adult membership to 17 years and above.

Mayor Evans recessed the worksession for lunch at 12:05 p.m. and reconvened at 12:51 p.m.

Program Changes

Salary Increase

City Manager Muehlenbeck recommended salary increases in the range of 0-4% for non-civil service employees with civil service receiving a 3% increase across the board and spoke to increased participation in TMRS which will require an additional \$1 million each of the next eight years until the City's share is \$22 million. Mr. Muehlenbeck spoke to employee participation at 7% and the Retirement Security Plan Program provided by the City.

Health Insurance

City Manager Muehlenbeck spoke to the City's medical and dental plans being governed by the City of Plano Welfare Benefits Plan and recommendations of Staff and the Hay Group. He spoke to a long-term strategic plan for management ensuring consistency with the City's philosophy and objectives and offering affordable choices with a consistent level of cost structure and encouraging healthy living. Mr. Muehlenbeck advised that the health plan for 2009 creates stability of claim costs, predictability of claims/costs, sustainability of the health plan and manages costs effectively. He spoke to collapsing the current rate structure from two plans to one with the opportunity to buy up or down premiums in the future and to a gradual decline in the level of City subsidy for employees and their dependants which is more average in the market place. Mr. Muehlenbeck advised there would be no changes for dental coverage and reviewed enhancements for 2009 including mail order prescriptions available at CVS retail pharmacies, discounts through CVS, accessibility of "minute clinics" at pharmacies for the cost of a copay, and a stop-loss RFP proposed to potentially increase the medical lifetime maximum. Executive Director Hogan advised Council Member Jackson that the school district is not ready to participate in a joint clinic at this time, spoke to possible addition of a third party and to a review of the program.

Elections – Council Election/Bond Referendum

City Manager Muehlenbeck spoke to the anticipated Council and bond elections in 2009 advising that the cost would vary depending on participation by other entities. City Secretary Zucco advised that costs may mirror those of 2008 with school district participation. The Council concurred in directing Staff to review capital improvement projects and bring forward bond election alternatives for Council consideration.

Executive Director Glasscock advised that the proposed fees for ambulance calls will provide a 60-70% cost recovery and that for alarm fees the proposal will provide close to 100% recovery.

Police Department Staffing Index (SSI)

Executive Director Glasscock spoke to the Police Department staffing formula being measurable and definable based on workload and that levels include “Ideal,” “Actual,” and “Critical.” He advised that based on the formula, there is no need for additional officers in 2008-09.

ISO Rating – Fire Station #13

Executive Director Glasscock spoke to projected costs of \$7.9 million to open Fire Station #13 and placement of an item on the next bond referendum. He spoke to acquisition of a fifth ladder truck, fourteenth engine and personnel in the amount of \$12.8 million and the possible need for prevention lieutenants for the ISO rating. Mr. Glasscock responded to Council Member Dunlap stating that any tax increase versus savings on property insurance would be minimal. Ms. Rhodes advised that \$5.2 million was approved on the last bond referendum and \$1 million has been used on architectural plans and land costs leaving a balance of \$4 million.

Animal Services – Shelter Expansion

Executive Director Glasscock spoke to prior approval of a bond referendum for a \$1.4 million for expansion of the shelter, work on design and incorporation of LEEDs standards. He spoke to receiving documents from the architect this month, an expansion of 5,000 square feet to accommodate needs, and an increase of \$2.2 million in costs. Mr. Glasscock advised that funding has been identified and Staff will move forward.

PSC Radio Replacement

Executive Director Glasscock spoke to replacement of the current Public Safety Radio System due to its age and stated that it is no longer supported by the manufacturer. He spoke to usage of the 700MHz band, advised that Frisco will not be participating in the future and spoke to a consultant defining specifications. Mr. Glasscock spoke to the need for a new tower in the northern portion of the City and to increase costs and reconfiguration. Mr. Glasscock spoke to the unknowns of the recommended system and anticipated completion in 2010 with a cost of \$24 - \$25 million. He responded to the Council regarding participation by other cities, an interlocal agreement in place with the City of Allen, and working to determine any connectivity with the proposed irrigation system frequency.

Taxi Voucher Program

Executive Director Turner spoke to senior transportation being provided by a variety of agencies and funding sources, discontinuing CCART service and rechanneling resources to taxi vouchers and ride reimbursement.

Mr. Turner advised that the Geriatric Wellness Center would act as an administrator where seniors can purchase vouchers for discounted taxi fares which will provide individualized service to customers. Mr. Turner spoke to providing registration and reimbursement of mileage to those who provide transportation services to seniors up to a total of 300 miles per month. He spoke to funding of \$100,000 with \$10,000 to CCART to complete the contract, \$50,000 to the Geriatric Center for administration and \$40,000 for projected reimbursements. Mr. Turner spoke to continuation of the DART senior shuttle program and advised that Yellow Cab had the greatest interest in the program. Council Member Jackson spoke to looking at a flat fee for Plano trips and Mr. Turner spoke to the proposal limiting City exposure to 25% of the cost of the trip. He responded that "dead head fees" were not discussed and stated that a contract is being drafted and that he is not aware of Regional Transportation Commission senior transportation alternatives. He advised that Staff will provide Council with information on the calculation of trips.

Rental Inspection Program

Executive Director Turner spoke to inspection of units ten years and older, the positive effect of the program and 100% compliance with registration and fees. He spoke to phasing in those units older than five years adding twenty-five more complexes and issues with expanding the program to single-family dwellings. Mr. Turner spoke to possible privatization of single family inspections with the hope of staying revenue-neutral and to there being no staff increases requested at this time.

Arts of Collin County

Executive Director Turner spoke to the request for \$659,302 of which Plano's share would be \$382,376. He spoke to the completion of design documents and depending on funding the preparation for construction or fundraising. City Manager Muehlenbeck responded to the Council that the bond is capital cost for construction and spoke regarding projections for the next several years advising that operations/maintenance will increase following construction. Mr. Turner spoke to the recalculation of population to determine participation levels.

Public Art

City Manager Muehlenbeck spoke to proposed projects and a 2007-08 ending balance of \$30,000, the issuance of tax notes and the need for \$160,000 for 2008-09 and \$542,000 in 2009-10 and recommendation of certificates of obligation in the amount of \$672,000. He spoke to having little to no impact on the O/M side and to placing some projects on hold. Mayor Evans spoke to the need to spread projects out, maintain the structure of the committee and programs and possible tie in to construction of facilities. Mr. Muehlenbeck spoke to the Downtown Fire Station, Animal Shelter or Carpenter Recreation Center and covering a year or two worth of projects to save on transaction costs. He advised that the committee will work up a new schedule for Council consideration.

Fixed Network Meter Reading System

Executive Director Hogan spoke regarding the 78,000 meters read with 90% residential and 10% commercial and the current system which utilizes a vehicle drive-by and the recommendation to move to a hard-wired system with increased reliability, data collection accuracy, labor/fuel savings, and utilizing Moto Mesh. He spoke regarding GPS location for meters, the recommendation falling within infrastructure rotation, and the expense of the meters being compensated by the savings in manpower.

Mr. Hogan responded to a previous question regarding the impact of moving 17 year olds to an adult recreation membership and recommended moving forward and monitoring the results.

Neighborhood Recreation Programs

City Manager Muehlenbeck spoke to negative factors forcing the closing of the Vines and Clark High School Recreation Centers and the impact on Williams High School. He spoke regarding the increase in fees charged by the school district, diminished opportunity for rented spaces, bumping of customers, and increase in activity at Oak Point Center. Mr. Muehlenbeck spoke to closing the facility resulting in a savings of \$423,000, programs absorbed at other centers, relocation of the Summer Lunch Program and retention of the natatorium. He spoke to participation of City of Plano employees in the lunch program, availability of no-cost facilities and scholarships available. Mr. Muehlenbeck advised that faith-based organizations are being contacted to continue the lunch program and to moving ahead.

Proposed Ad Valorem Tax Rate

City Manager Muehlenbeck recommended retaining the current rate of 47.35 cents per \$100 of assessed property values for 2008-09 and Budget Director Rhodes spoke to Public Hearings on August 21 and August 25. She advised that if the \$24 million were included for the radio system the rate for 2009-10 would rise by 2.3 cents for debt and Mr. Muehlenbeck spoke to possibly spreading the expense over two to three years. He reviewed items on the board including PAAM (\$41,229), PAM Fun Run (\$8,641), Susan G. Komen Event (\$66,000) and Downtown at Sundown (\$15,000). Special Events Coordinator Conklin spoke to the Komen Foundation's request being based on possible loss of corporate sponsorships and Mr. Muehlenbeck spoke to considering these requests at the end of Fiscal Year 2007-08. He spoke to advising grant recipients regarding the limitations of City funding and Mayor Evans stated concern that the City is stepping in to replace other sponsors. Ms. Conklin advised that the Komen Foundation would be satisfied with a \$10,000 grant and to the PAAM Holiday Run that is scheduled in November. Council Member Magnuson spoke to funding for the Downtown at Sundown as it brings awareness to the community and downtown area. She stated concern with the additional request of PAAM. Council Member Dunlap spoke to heritage grants funding operations while organizations devote their time to soliciting for projects. The Council spoke to inclusion of fire sprinklers in the additional request made by PAAM. Deputy Mayor Pro Tem LaRosiliere spoke to being cautious regarding funding and to the project proposed by the Planning Department to provide City assistance to homeowners repairing/restoring their properties. He spoke to this project as a priority over additional grant requests should funding be available.

Mr. Muehlenbeck spoke to funding the PAAM sprinkler (\$5,000), an additional \$1,000 for the Susan G. Komen Foundation (for a total of \$10,000), and one-half of the amount requested by Downtown at Sundown (\$7,500) so they may arrange for their first events and providing the remaining half if revenues are available. Council Member Dunlap spoke to considering funding “after taxes” or reducing Council stipends to provide monies. Mr. LaRosiliere stated support for non-profits but spoke to the importance of homeowner support and to bringing the restoration program forward if funding is available. Council Member Jackson spoke to focusing on essential services. The Council concurred in accepting the final proposal.

Nothing further was discussed, Mayor Evans adjourned the meeting at 3:01 p.m.

Pat Evans, MAYOR

ATTEST:

Diane Zucco, City Secretary