

**PLANO CITY COUNCIL**  
**Budget Worksession**  
**August 18, 2007**

**COUNCIL MEMBERS**

Pat Evans, Mayor  
Sally Magnuson, Mayor Pro Tem  
Jean Callison, Deputy Mayor Pro Tem  
Shep Stahel  
Scott Johnson  
Loretta Ellerbe  
Harry LaRosiliere  
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 meeting into open session at 8:09 a.m. Saturday, August 18, 2007, in the Council Chambers of the Plano Municipal Center, 1520 K Avenue. All Council Members were present with the exception of Council Member LaRosiliere who arrived at 8:10 a.m.

**Request for Public Input on Budget and CIP**

Mayor Evans invited those in attendance to provide comments. Sonja Hammar, citizen of the City, stated respect for the Budget Department, opposition to the funding of the Plano Economic Development Board, Inc. and spoke to difficulties in understanding the funding mechanisms of the Board. Ms. Hammar spoke to there being an annual budget and additional funds for economic development and spoke to the possible allocation of increases in the valuation of properties. She spoke regarding transition in trustees/members, stated that other cities have their board information on their web site and spoke regarding receipt of a copy of the Board bylaws. City Manager Muehlenbeck spoke to there being two budgets, one contracting for economic development services and another being the six million allocated for incentives which is under the direct control of the Mayor and Council.

**Budget Worksession Overview**

Highlights of 2006-07/Outlook for 2007-08

City Manager Muehlenbeck stated that sales tax is projected to increase \$2.5 million over last year's actual collections and is re-estimated at \$61.1 million. He advised that this figure includes two sales tax adjustments totaling \$1.9 million and a deduction of \$1.5 million for 380 Agreements.

Mr. Muehlenbeck spoke to remaining conservative with regard to sales tax projections. He spoke to the slowing rate of construction and its effect on building and development related revenues. Mr. Muehlenbeck stated concern regarding the Water and Sewer Fund, information received from the North Texas Municipal Water District (NTMWD) and revised projections. He spoke regarding the take or pay contract and \$7.8 million in lost revenue.

Mr. Muehlenbeck spoke to the total budget of \$388.7 million representing an increase of \$17.7 million over the 2006-07 re-estimated budget. He stated that final projections from the appraisal district indicate that assessed property values will total \$24.5 billion for 2007-08 which includes \$568.1 million in new property coming on-line. Mr. Muehlenbeck spoke to the budget maintaining the current rate of 47.35 cents per \$100 of assessed property value with two cents dedicated for the Economic Development Incentive Program. He stated that the program totals \$6 million funded through \$4.9 million from the two-cents and \$1.1 million from the existing budget.

Mr. Muehlenbeck spoke to a recommended 0-5% merit salary increase for non-civil employees and an across the board 4% salary increase for civil service employees. He stated that this recommendation is essential to the City's success in recruiting and retaining a high quality workforce and remaining competitive with other cities and private industry. Mr. Muehlenbeck spoke to the addition of 49 new full-time employees with 25 for public safety and 12 for community investment programs coming online.

Mr. Muehlenbeck spoke to including \$3.7 million for public safety increases; \$2.6 million for NTMWD increases; \$1.5 million for CIP projects coming on-line; \$1 million in Parks and Recreation additions and \$400,000 in Sustainability and Environmental Waste Program increases. He spoke to a general obligation bond sale of \$66 million included for January 2008 with a one-year interest payment of \$2.9 million. Mr. Muehlenbeck spoke to the projected issuance of \$17 million in certificates of obligation with \$9.5 million for the second phase implementation of the Moto Mesh Network and \$7.5 million for the first phase of the Radio Infrastructure Replacement Project.

Mr. Muehlenbeck spoke regarding required Public Hearings on the tax rate and the requirement to ratify any property tax increase by inclusion of an additional vote and a cover page within the budget documents detailing tax information. He responded to the Council that Staff will provide information regarding the breakdown of new residential versus commercial properties.

## **Funding Requests**

### Summary of Grant Funding

Budget Director Rhodes spoke regarding the 2007-08 Grant Funding Requests Summary and defining the sources of various grants.

### Presentation of Heritage Commission

Heritage Commission Chair Justin Nichols advised that there was a 49% increase in funding requests since last year with four agencies and five projects requesting monies and a 12% increase in available funds. He spoke to the total amount of \$677,710 with agencies including the Art Centre of Plano, Inc., Heritage Farmstead Museum (including the Thornton House and Plano African American Museum Project), North Texas Masonic Historic Museum and Library and Plano Conservancy, Inc. Mr. Nichols advised the Council that the Masonic Museum would be accessible to the public and spoke to discussions regarding the level of funding for the Thornton House. Long Range Planning Manager Zimmerman responded to City Manager Muehlenbeck regarding increases in funding requests for the Heritage Farmstead and advised that Staff would provide a breakdown of operation and maintenance costs.

T. J. Johnson, representing the Plano African American Museum stated appreciation for funding provided and spoke to needed renovations before opening the facility and a modified request for \$49,330. She provided a review of projects completed with previously approved funding and stated a projected opening date of October 1, 2008. Ms. Johnson spoke to linking the past with the present in preparation for the future and telling the story of all citizens of early Plano. She responded to the Council that monies remaining from previous funding have been encumbered for renovation and spoke regarding fundraising efforts. The Council concurred to place \$29,330 on the board for the Thornton House in addition to the recommended \$20,000. Mr. Nichols spoke to consideration by the board and stated support for the facility.

### Presentation of Cultural Affairs Commission and Special Events Grants

Cultural Affairs Commission Chair Patricia Madigan spoke to the total budget of \$673,710 for major grants and \$4,000 for small grants. She responded to Council Member Stahel regarding the Soap Box Derby sponsored by the Rotary Club. Ms. Madigan and Creative Arts Manager Wear spoke regarding those organizations that did not make requests this year. Ms. Madigan spoke to ensuring that performances are held in the City.

### Presentation of Buffington Community Relations Commission

Community Relations Commission Chair Robert Masengill spoke to the number of requests received this year and the challenges in determining those to receive funds. He spoke to those agencies receiving Community Development Block Grants because they fit the requirements of HUD. Mr. Masengill advised that the total grant allocation is \$505,900, spoke regarding the request made by the Boys and Girls Clubs of Collin County and the priority of funding going towards emergency services. Mayor Pro Tem Magnuson spoke to providing narratives and Council Member LaRosiliere spoke to future Council discussion of funding preventative types of services. Mr. Masengill spoke to considering the track record of organizations.

Mr. Masengill responded to City Manager Muehlenbeck regarding those agencies that have been moved to the CDBG program, stated that they may request Buffington Grant funding in the future and spoke to use of monies. City Manager Muehlenbeck spoke to CDBG funding being intended for housing and stated concern regarding the possible erosion of rehabilitation funds. Neighborhood Services Manager Day spoke to CDBG funds allowing for 15% cap on public services and efforts to maximize that amount and the other 85% going to "brick and mortar." She responded to the Council regarding the limited number of programs utilizing housing monies. Mr. LaRosiliere requested discussion of opportunities to maximize the housing side of CDBG funding. Mayor Evans spoke regarding the City funding agencies in its annual budget.

Mr. Masengill responded to the Council regarding consideration of agencies and provision of emergency services. Mayor Evans spoke to the Plano ISD Education Foundation programs being independent of the school district and Council Member Stahel spoke to removing reference to the school district. Mr. Masengill advised that the majority of students in the Assistance League of Greater Collin County are in Plano.

Christina Alford, representing the Boys and Girls Clubs of Collin County spoke regarding the program and thanked the Council for their support. City Manager Muehlenbeck advised that the organization will be funded in the amount of \$30,000.

#### Urban Town Center Grant

Rick Baldelli, representing the Historic Downtown Plano Association (HDPa) requested funding in the amount of \$40,000 to expand the Downtown @ Sundown Event by hiring an event coordinator and expanding marketing efforts. Mr. Baldelli spoke to becoming a destination event and responded to Council Member Stahel regarding scheduling of the program and it being a charity event. The Council concurred to place the request on the board for consideration. Mr. Stahel spoke to utilizing City Staff for coordination in the short term and City Manager Muehlenbeck advised that this could be reviewed.

Mr. Baldelli responded to Mayor Evans, stating that of the requested funding, less than \$5,000 would be utilized for the event coordinator and Mr. Muehlenbeck requested time to review the budget. Ms. Conklin advised that following submittal of the request, the group considered a consultant and Mr. Baldelli spoke to some revenues going to City House. Council Member Ellerbe spoke regarding recommendations of the Downtown Task Force to providing some matching of funds. Mr. Muehlenbeck advised that a request for matching funds has not been received and Director of Planning Jarrell spoke regarding the intent of matching funds and to this request being for the Downtown @ Sundown Event.

Mr. Baldelli responded to the Council regarding the number of members in the Historic Downtown Plano Association and the participation level. Mr. Stahel spoke to renewing associate members and looking for other contributions.

### Plano Early Lions

Cyndie Bunker of the Plano Early Lions spoke to the increase in costs for the Fourth of July parade including barricades, insurance and police security and requested an increase in funding of \$1,100. The Council concurred to add this figure to the board for consideration.

### Plano Santa's Christmas Parade

Howard Younce of the Plano Santa's Christmas Parade spoke to their efforts to assist families in need in the City and the request for additional funding for the December 1, 2007 parade addressing increases in the cost of security by the Plano police, liability insurance and barricade rental. He responded to the Council positively regarding the change in the parade route. Marketing and Special Events Coordinator Conklin spoke regarding the budget recommendation being based on the prior year's estimate. The Council concurred to add \$2,100 to the board for consideration.

### Economic Development – Operating Budget and Incentives

Executive Director of the Plano Economic Development Board Bane spoke to continuing to make progress toward the goal and mission of providing employment opportunities to citizens via the economic incentive tool. She spoke regarding commercial projects and new jobs added to the City, reinvestment zones created and the value of improvements added to the tax base. Ms. Bane spoke to the increase in the number of companies in the Research/Technology district. She spoke regarding the use of economic development funds and fifteen projects that have accepted offers totaling \$2.7 million, representing \$124 million in real and business personal property improvements along with 2,320 jobs at an average salary of \$69,000. Ms. Bane spoke to eight additional projects totaling another \$3 million for Council consideration with an average salary of \$84,000 and \$350 million in improvements. Ms. Bane spoke to launching a new web site showcasing Plano, the use of a data base for opportunities, surveys and attendance at trade shows. She spoke to creation of a CD promoting Plano as "Your New Home Town" and the budget including a small increase for personnel related services.

Ms. Bane responded to the Council regarding providing information via the web site rather than mailings and to participation in organizations. She advised that the web site is intended to deliver information to site selectors and that board information (mission and goals) may be included. Ms. Bane spoke to the factors utilized in prioritizing retention efforts. Ms. Bane spoke to the level of spending in the vicinity of employment and Mr. Muehlenbeck spoke to the benefits to hotels and motels in the City. Council Member Johnson spoke to the work accomplished and Ms. Bane advised regarding cooperative efforts with other cities, the vacancy rate and property available in the Research/Technology District.

Mayor Evans recessed the worksession at 10:28 and reconvened at 10:58 a.m.

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

Council Member Johnson spoke regarding the issue of reimbursement of expenses following the activation of emergency sheltering in the City. Executive Director Glasscock spoke to preparation for evacuees and stated that it is unclear whether or not the state will reimburse cities absent a presidential declaration. He spoke to legislation that stalled in the senate that would have provided clarification, two faith-based shelters have been identified to the state, and responded to the Council that these could be geared up in a day or so. Mr. Glasscock advised that costs would be approximately \$150,000 for 300 evacuees for about 48 hours. City Manager Muehlenbeck advised that if the current storm were to result in evacuees, expenses would come from the current budget.

## **Operating Budget**

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

Ms. Rhodes spoke to the existing property value of \$24.5 billion representing the largest increase since 2002 with 56% on the commercial side and 44% residential. She spoke to new property value in the amount of \$568 million with 72% commercial and 28% residential and stated that multi-family units, condos and apartments represent commercial development. Ms. Rhodes spoke to calculations allowing for the Homestead, Over-65, and Disabled Person Exemptions and transfers to the Tax Increment Financing Reinvestment Zones. Council Member Stahel spoke to looking at any adjustments that may need to be made to exemptions in the future.

Ms. Rhodes spoke regarding the history of the ad valorem tax rate and maintaining the current level of 47.35 cents with two cents allocated to the economic development fund and regarding the average home value of \$253,380 receiving a tax bill of \$960. She spoke to the rates of other municipalities, steps taken to comply with truth in taxation regulations including holding two public hearings on August 23 and 27, and the taking of a third vote acknowledging that the City will be accepting more property tax this year than last. Ms. Rhodes reviewed other legislation that will affect the process in coming years and one related to the "Freeport" exemption. City Manager Muehlenbeck thanked Staff for their efforts.

Ms. Rhodes spoke regarding the decrease in water usage in the City, the effect on revenue and spoke to possibly receiving a credit from the North Texas Municipal Water District. She advised that the City will be using all of the water/sewer reserves and that the figures for 2007-08 are based on a pass through of a 5% increase from the water district along with a 5% increase for sewer. City Manager Muehlenbeck spoke to projects that may be held back should expenses become an issue. Ms. Rhodes responded to the Council stating that there will be a deficit if all factors remain the same in the coming year and Mr. Muehlenbeck spoke to the use of reserves. He spoke to the need to help this fund recover and in opposition of watering restrictions, looking for alternatives to the take-or-pay contract, and the increase in requests for water wells.

Mr. Muehlenbeck spoke to monitoring the fund month-to-month, review of capital improvement projects and meter reading tied to the Moto Mesh Network. Ms. Rhodes spoke to the level of revenue received during the summer months, the difference in methodology used by cities in rate calculation, and Plano's position of cash funding projects.

## **Program Changes**

### Salary Increase

City Manager Muehlenbeck spoke to the downward revisions made by the appraisal district and the budget being tight. He recommended merit increases from 0 to 5% for non-civil service employees and with civil service receiving a 4% increase across the board. He advised that these increases will amount to \$5.6 million and spoke to the effect on TMRS and other fringe benefits. He spoke to possible future revisions to TMRS and the 10% health insurance increase due to GASB 45 requirements. Mr. Muehlenbeck advised regarding review of the insurance program, possible changes in options and identifying health risks.

### Elections

City Manager Muehlenbeck recommended including \$80,000 (\$65,000 for Collin County and \$15,000 for Denton County) to address a potential November election. He spoke to adding this figure to the board and advised that there has not been a November election since 2001. City Secretary Zucco spoke to the requirement to vote in the county of residence and the location of the Denton County polling place.

Mayor Evans recessed the worksession for lunch at 12:01 p.m. and reconvened at 12:50 p.m.

### Police Department Staffing Index (SSI)

Executive Director Glasscock spoke to the Police Department staffing formula in place since 1982 as the most reliable method to determine future needs. He stated that the formula is based on the number of Calls for Service (CFS) an officer can respond to within a given time and factors that enter into the formula. Mr. Glasscock further advised that the formula also requires determination of the desirable amount of available time officers are free for other areas and the target goal of 60% available time, 40% obligated time. He spoke to the levels in the formula which include an "Ideal," "Actual," and "Critical" and their effect on the decision making process.

### ISO Rating

Executive Director Glasscock spoke to the City being awarded an ISO Rating "1" in 1998, efforts to determine the City's status in maintaining this level and results indicating that without additional fire resource deployment there may be loss of the rating. He advised that a drop in the rating would result in increased costs of insurance for both businesses and residences and a potential impact on economic development.

Mr. Glasscock recommended the following additions to retain the ISO 1 rating including an additional station with engine company in the north central area of the City and the addition of seven fire inspectors at a total estimated cost of over \$6.54 million in capital and over \$4.3 million in on-going annual costs. He advised that these issues would be addressed in the 2009 bond and Fiscal Year 2008-09 and 2009-10 budgets. Mr. Glasscock advised Mayor Pro Tem Magnuson that he would provide information regarding staffing for an engine company and to open a new station.

### Radio Replacement

Executive Director Glasscock spoke to planned 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 the current system operating on the 800MHz trunk range which is at maximum capacity in the region and has limited ability to use new technology. Mr. Glasscock spoke to upgrades, joint operation and additional subscribers and advised that replacement will begin later this year with anticipated completion in 2010. He stated that the new 700 MHz system would be compliant with national standards, contain open architecture to allow different brands of radios, offer additional capacity and have a life expectancy of 10-15 years. Mr. Glasscock spoke to the unknowns of the recommended system and stated the primary purpose is to provide voice communication. He spoke to the estimated project cost of \$16 million, the issuance of debt to move forward, and responded to the Council, stating that decisions related to the use of the bandwidth are relegated to the FCC. He stated opposition to paying for bandwidth available in public areas and responded to Council Member Johnson regarding discussions planned with other cities so that the system may be programmed into their work plans.

### Technology Services Back-up Site Plans

Executive Director Glasscock spoke to a review of possible locations to house a back-up site for critical data resources defined as applications related to revenue, public safety, personnel, and applications used by multiple departments and stated that these represent about 90% of existing data resources. Mr. Glasscock spoke to the decision to place the back-up center in the new planned Emergency Operations Center at a total estimated cost of \$4.38 million. He advised regarding an interim solution at the Joint Use Facility and responded to the Council that funding would come from certificates of obligation. Mr. Glasscock stated that the distance separation between facilities should be sufficient and that the raised flooring would be used to provide conduit and fiber beneath the system. He spoke to the use of a passive water system and the location not being in a flood elevation. Mr. Glasscock advised that he would bring back information regarding running wiring below the ceiling versus under the units.

### CIP Coming On-line

Executive Director Hogan spoke to programs coming on-line including security enhancements for fire, police and the joint use facility in the amount of \$61,500. He spoke to athletic field improvements (\$106,330), Chisholm Trail and Memorial Park (\$254,288), park improvements (\$246,539) and trail connections and bikeways at (\$106,506) and the cumulative effect on expansion of the park system including the level of maintenance and signage for the bicycle ways and park systems. He advised that athletic field improvements include addressing turf management and the establishment of a third maintenance district.

Mr. Hogan spoke to equipping and managing the Oak Point Park and Nature Preserve (\$324,971) and stated he would advise the Council regarding reallocation of personnel. He spoke to the costs for the Tom Muehlenbeck Recreation Center (\$445,823) for the operations budget and facility maintenance with the first year's operational costs projected at \$2.1 million. Mr. Hogan spoke to allocating \$2,100 for remodeling the old genealogy area at Harrington Library to be used as a training room.

#### 2009 Bond Referendum

Ms. Rhodes spoke to the timeline for the 2009 Bond Referendum and reviewed the prior processes. Mr. Muehlenbeck spoke to engineering costs to develop bond levels and added \$25,000 to the board for this expense. Ms. Rhodes spoke to consideration of a new fire station, major road improvements, public safety communications center, technology services, evidence storage facility, and park improvements. Mr. Muehlenbeck responded to the Council that street repairs are financed from bond funds unless they are rehabilitation/maintenance which are covered by the capital reserve policy. The Council stated concurrence to utilize the expertise of boards and commissions for recommendations. Mr. Muehlenbeck advised that the City will be on the same bond election cycle as the county.

#### **Proposed Ad Valorem Tax Rate**

Mr. Muehlenbeck spoke to the proposed rate of 47.35 cents per \$100 of assessed property values for 2007-08. He reviewed the items on the board including the Thornton House (\$29,330), Urban Town Center Grant (\$40,000), Plano Early Lion's Club 4<sup>th</sup> of July Parade (\$1,100), Plano Santa's Christmas Parade (\$2,100), Elections (\$80,000), and bond referendum preparation (\$25,000) for a total of \$177,530. Mayor Evans spoke to receiving further information to clarify the Urban Town Center Grant request. Mr. Muehlenbeck advised that \$40,000 could be placed into a reserve and that Staff will review the budget and bring back information. City Attorney Wetherbee spoke regarding the timeline for conducting a November election and stated that unlike a referendum, under an initiative the current ordinance would remain in place until voters make any decision.

Nothing further was discussed, Mayor Evans adjourned the meeting at 1:50 p.m.

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**Pat Evans, MAYOR**

ATTEST:

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**Diane Zucco, City Secretary**