

**PLANO CITY COUNCIL
SPECIAL CALLED WORKSESSION
June 25, 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 Special Called Worksession on Wednesday, June 25, 2008, at 8:54 a.m., in Suite 105 of Plano Station, 1012 16th Street. All Council Members were present with the exception of Deputy Mayor Pro Tem LaRosiliere. Mayor Pro Tem Callison arrived at 8:38 a.m.

Discussion, Direction and Action Regarding Review of City of Plano Vision, Mission, Strategic Plan, Overarching Themes, Goals and Core Businesses

Lyle Sumek, of Lyle Sumek Associates, Inc. facilitated the worksession and advised that the agenda will allow for discussion of the City's budget.

Performance Report 2007 – Report Card for the City

Mr. Sumek spoke to the City's top achievements for 2007-08 as identified by the Council which include: Economic Expansion; Muehlenbeck Recreation Center; Downtown; Neighborhood Revitalization; "Greening" City Operations; and Legacy Center: Expansion.

In the area of "Economic Expansion" the Council and Staff spoke to the payoff from the economic development fund, maintaining the 50/50 tax base, and the retention/expansion of existing and development of new businesses. The Council spoke to the value added to citizens in job opportunities, easing the tax burden on homeowners, new prospects to purchase real estate, providing products/services to citizens, and keeping Plano an attractive place to live and work. They recognized specific businesses including Capital One, Microsoft, and Media Motion.

In the area of the "Muehlenbeck Recreation Center," the Council and Staff spoke to achievements including the opening of the center, membership and use of the facility. They spoke to its success in generating 16,000+ memberships, having sufficient parking, filling a need in a contemporary and comparable fashion, achieving a healthier community, its approval by voters, use by families, proximity to the park and freeing up space at other centers while increasing their use.

In the area of “Downtown,” the Council and Staff spoke to new residential opportunities (Rice Field and Eisenberg), new restaurants, energized shop and property owners, completion of 15th Street, highlighting efforts at Haggard Park and developing a sense of place and destination via DART.

In the area of “Neighborhood Revitalization,” the Council and Staff spoke to improved apartments as a result of the Rental Inspection Program, Code Enforcement responsiveness, the formation of neighborhood associations, and excitement of citizens through participation.

In the area of “Greening City Operations,” the Council and Staff spoke to the use of alternative fuel and hybrid vehicles, Live Green in Plano Expo, increased recycling, green building efforts to include remodeling and construction of facilities, community-wide information program, Staff members serving as a resource to businesses, recognition for efforts, long term effects, money brought back to the City via recycling, fostering a positive image, being a more inviting place to open a business, providing web site information and serving as a model for citizens.

In the area of “Legacy Center: Expansion,” the Council and Staff spoke to adding new businesses and evolving into a community focal point, tax base increase, offering a different type of environment for companies and employees, tourist attraction, gathering place for citizens, offerings for business visitors, and a second phase with more to offer including a hotel and retail. City Manager Muehlenbeck spoke to Legacy Center as a crown jewel and one of the most important retail developments, its importance from both the property and sales tax perspectives, the ripple effect and to not becoming hesitant regarding the use of public monies for attracting people to all areas of Plano.

In the area of other major successes, the Council spoke to the “Red Light Camera Program” in reducing accidents, changing driving patterns and increasing traffic safety. They spoke regarding the development of Children’s Hospital, the new county courthouse, the increase and rebadging of hotels, improvements to the Park Boulevard/Preston Park intersection, increased use of the Oak Point Park Amphitheater, National League of Cities Steering Committees who will be in Plano during the Balloon Festival, the purchase of park land along White Rock Creek, the turn-around at Willow Bend Mall and the new Cigna building.

The Council recessed the worksession at 9:24 a.m. and reconvened at 9:34 a.m.

Looking to Plano’s Future

Mr. Sumeck requested the Council look to the future and identify primary focus areas for 2008-2013 and an agenda of items to be done in 2008-09.

Council Member Johnson spoke to focus areas of economic development/redevelopment, maintaining infrastructure, City finance and budgets. He spoke to addressing the challenge of the budget, continuing to enhance attractiveness to businesses and citizens, encouraging downtown shops and improvements to Park Boulevard/Preston Road. Mr. Johnson spoke to a focus on diversity and outreach efforts to different citizen groups.

Council Member Magnuson spoke to focus areas of economic development, addressing the Downtown area and Research/Technology District, infrastructure needs and the budget. She spoke to the need for improvements in transportation paying particular attention to seniors, ways to service Legacy Center with public transportation and finding a way to get the anchors/owners of Collin Creek Mall to work together for its betterment.

Mayor Pro Tem Callison spoke to focusing on Collin Creek Mall as well as water and transportation issues. She spoke to approaching the anchors of the mall, concentrating efforts in the downtown area and working with the school district when they are remodeling schools.

Council Member Dunlap spoke to focus areas of economic development/redevelopment, downtown and DART and responsive public transportation. He spoke to creation of advocacy plans for Collin Creek Mall and the north/south and east/west DART proposals and to breaking ground on the Arts of Collin County (ACC) facility.

Council Member Miner spoke to focusing on the Research/Technology District as well as water and transportation issues. He spoke to completing the trails, shelter, restrooms and parking for Oak Point Park, revitalizing neighborhoods with more active code enforcement and more efforts regarding transportation including bus stops and service schedules.

Council Member Jackson spoke to focus areas of economic development, an aging population, and parks improvements. She spoke to creating more Downtown dining areas, forming partnerships with the medical community to establish a research incubator, a small-business incubator in the Research/Technology District, evaluating taxi vouchers for senior citizens and exploring affordable housing options. She spoke to beginning work on the Oak Point Park visitor's center, and partnering with the school district to AstroTurf small fields at Clark Stadium and implement summer activities at the schools.

Mayor Evans spoke to success being a complete transit system for four counties, the completion of the ACC, Collin Creek Mall as a city center with a lake, and utilizing the Capital Wire and Cable site to anchor the southern portion of downtown. She spoke to breaking ground on the ACC this year, follow up on meetings with the medical community and work on the Cottonbelt line. City Manager Muehlenbeck advised Council Member Miner that the owner of the property on the northwest corner of K Avenue and Park Boulevard has indicated no interest in selling.

Mr. Sumek spoke to the focus indicated by Deputy Mayor Pro Tem LaRosiliere including budget and finances, balancing the core with investing for the future, ensuring the Council maintains continuity by helping and supporting one another as they transition with new members, addressing the ACC facility and having a hotel/motel with conference/convention center. His work list included cooperation with the schools regarding a science museum in downtown Plano, addressing the aging of City personnel by attracting young people for public service, issues of transportation including DART busses, the rehabilitation of roadways and to continuing the "can do" attitude.

Strategic Planning

Mr. Sumek spoke regarding the Strategic Planning Model which includes the City's vision: "Plano is a vibrant, safe and sustainable City with attractive neighborhoods and urban centers, a vital economy, a high degree of mobility and an abundance of educational, recreational and cultural opportunities."

City of Plano's Plan 2008-2013

Mr. Sumek summarized the City's goals including Premier City in Which to Live; Livable and Sustainable Community: Vital Neighborhoods and Exciting Urban Centers; Service Excellence; Diverse Business Center; and Safe, Efficient Travel.

Premier City in Which to Live

The Council collectively identified objectives for a "Premier City in Which to Live" as maintaining and enhancing the Plano quality of life – place to live, things to do, safe living; providing quality leisure and cultural choices within Plano – community centers, libraries, parks and trails, cultural venues, arts; encouraging quality schools and lifelong learning; assuring quality, desirable housing choices for all; diverse cultures and all family generations welcome; and more young families and professional choosing to live here.

Challenges and opportunities in the area of "Premier City in Which to Live" identified by the Council as a whole were attracting young families and professionals to Plano; consideration of the slowdown in the housing market including foreclosure rates and their impact on other properties; competition from other cities; providing a unique quality of life, amenities that distinguish the City from other communities; fuel costs and the desire to be closer to places of employment and desire for a walkable community.

Under "Premier City in Which to Live," the areas where action is needed as identified by the Council as a whole were issues related to the ACC including moving forward looking for ownership and sponsorship, groundbreaking and increased private contributions. They spoke to Comprehensive Plan Updates on the horizon; Multi-Cultural Outreach continuation/assimilation; Chisholm Trail through the Collin Creek Mall area and a bond package; review and revision of the Zoning Ordinance to address affordable senior housing and mixed-use development; White Rock Creek Park – acquisition and trail easement (major project); Oak Point Park – trail development, picnic shelter, restrooms, final grade and public relations; trail connection (major project); Carpenter Park Recreation Center expansion design, operations funding; and Memorial Park construction (major project).

Livable and Sustainable Community: Vital Neighborhoods and Exciting Urban Centers

The Council collectively identified objectives for “Livable and Sustainable Community: Vital Neighborhoods and Exciting Urban Centers” as being to maintain and enhance the quality of homes and multi-family complexes – appearance, renovation; encourage and facilitate the development of mixed-use urban centers; rental housing units in code compliance; maintaining sustainable neighborhood shopping centers; supporting long-term neighborhood “sustainability” – mix of residential and complimentary services and businesses, homeownership; and encouraging and facilitating “green” buildings and developments.

Challenges and opportunities in the area of “Livable and Sustainable Community: Vital Neighborhoods and Exciting Urban Centers” identified by the Council as a whole were addressing absentee landlords and homeowners’ failure to reinvest and maintain properties; the number of occupants in housing units, making downtown a destination for residents; the future of Collin Creek Mall; aging neighborhood shopping centers; and developing future mixed-use urban centers at strategic locations.

Under “Livable and Sustainable Community: Vital Neighborhoods and Exciting Urban Centers” the areas where action is needed as identified by the Council as a whole were visiting General Growth regarding Collin Creek Mall; addressing Creek Walk development; continuation of the Residential Revitalization Program; developing standards and City action on “Green” developments; retail expansion and the Eisenberg Residential Development in Downtown; developing direction on registration and inspection of single family rental homes; DART parking at the Parker Road Station; issues of unrelated occupants of housing; a Neighborhood Evaluation Model and Planning Program; and making Downtown a unique destination through the Sci-Tech Discovery Museum (scaled down, school participation and use of General Cable site).

Service Excellence

The Council collectively identified objectives for a “Service Excellence” as being to continue to improve the quality of all City services delivered in the most cost-effective manner; continue strong financial position through plans and policies with stewardship of the public dollar, responsible reserves and expenditures; promote engaged and active citizenry who understand the City; provide services and facilities responsive to the changing needs of our citizens and businesses; be recognized by and involved in professional and national organizations as being simply the “BEST”; and balancing service excellence with available City resources. Mr. Sumek spoke to the service hierarchy which includes core businesses “no choice”; core businesses “choice possible”; quality of life services; and community add-on’s.

Challenges and opportunities in the area of “Service Excellence” identified by the Council as a whole were City revenues and revenue sources; maintaining “AAA” bond rating by all three bond-rating agencies; actions by the Texas State Legislature; determining core City services and programs; determining who pays, how much for services, and the willingness to raise taxes and fees.

Under “Service Excellence” the areas where action is needed as identified by the Council as a whole were water policy and strategy (take or pay, joint working with other member cities and participation in the Region C plan); communication with PUC regarding TXU street lights; funding senior transportation services; needs evaluation and funding for aging infrastructure; construction of Fire Stations 12 and 13 (major projects), construction of the Police Firing Range (major project); direction, operations and funding of the animal shelter; the environmental/education building; and the 2009 Bond Program.

Diverse Business Center

The Council collectively identified objectives for a “Diverse Business Center” as being to support economic expansion and business retention; revitalize or convert older retail and industrial centers and office buildings; expand economic diversification and international commerce; continue to expand as a major business destination for office users; strengthen and expand regional commercial center; expand medical and healthcare businesses; and expand as a corporate meeting and conference destination.

Challenges and opportunities in the area of “Diverse Business Center” identified by the Council as a whole were tapping the potential of the medical and healthcare community; reusing aging and vacant commercial centers, corridors and areas; attracting new targeted businesses to Plano; lack of major hotel and conference/convention center; and sustaining economic development funding for incentives.

Under “Diverse Business Center” the areas where action is needed as identified by the Council as a whole were direction regarding Plano Centre; next steps for the Research/Technology District; continuation of the Economic Development Fund; working with PEDB to develop a hospital, medical and healthcare strategy and plan; a hotel and conference center for particular uses and hotel and partnership at a conference center.

Safe, Efficient Travel

The Council collectively identified objectives for a “Safe, Efficient Travel” as being to improve traffic flow and manage traffic demand; plan for and support DART Service to DFW (Cottonbelt/Burlington Northern Railroad) and service within Plano, and support of northern expansion; enhance traffic safety – reduce accidents, improve feeling of safety, have reputation for “safe streets”; and maintain quality of streets.

Challenges and opportunities in the area of “Safe, Efficient Travel” identified by the Council as a whole were considering a regional approach beyond DART; maintaining City Streets, non-residents use of DART; impact of the high price of gasoline; east-west mobility via rail; and senior transit and mobility.

Under “Safe, Efficient Travel” the areas where action is needed as identified by the Council as a whole were direction regarding regional transportation organization; direction and funding for senior transportation, evaluation and direction regarding taxi services; DART studies of the Cottonbelt, Burlington Northern Railroad and a northern expansion; direction regarding DART parking fees; a bond program for streets; Parker Road at US 75 interchange construction (major project); bus transportation (covered stops, routes, sidewalk connections, promotion, lines and targeted areas); evaluation of additional red light cameras for expansion of the program and link to contract renewal; expansion of hike and bike trail and consideration of bike lanes; and to advocate for the City’s share of county bond revenues.

The Council recessed the worksession at 12:09 p.m. for lunch and reconvened at 12:51 p.m.
Lyle Sumek

Mr. Sumek spoke to basic realities of Plano at a crossroads with critical decisions coming over the next few years that will shape its future; the City’s strong local economy and a community that takes pride and is actively involved nationally; and dealing with services and priorities with the key being the value to residents and the community while considering the role of government. Mr. Sumek spoke to the reality of revenues and resources; dividing the “pie” versus its expansion; looking for ways to leverage resources to provide service and invest in the future; the uncertainty of the national economy; the housing market; commitment of retailers along with the impact of fuel costs on lifestyle, mobility, alternative transportation and demands on City services.

Discussion and Direction regarding City Budget Three Year Forecast

City Manager Muehlenbeck spoke to overarching themes: Plano at a crossroads and consideration of new budget paradigms. He spoke to anticipated slowdown of new development, tax base expansion and development fee revenues which have paid for past City services; the slowdown in the expansion of the tax base due to declining development activity, depreciation of older property and the growth of seniors receiving property tax abatements and additional homestead exemptions; a change in the growing diversity of the City’s population which will increase service demands and the need for involvement by Collin County; the City’s low property tax rate; the large property tax base because of the high average value of its housing and its strength as a business center; the development of infrastructure borne in large part by developers; anticipated increases in the cost of maintaining and reconstructing infrastructure and other assets which had been relatively young in age; the historically large amount of sales tax revenue due to high average incomes, a large trade area and business-to-business activity which has reduced the need for a higher property tax rate; and the decrease in sales tax revenue related to a loss of trade, internet sales, decreasing household incomes and corporate consolidations and streamlining. He spoke to the effects of expansions in public safety operations, new facilities and the increasing cost of health care and retirement benefits; increased maintenance and operation costs related to the aging of the City’s physical plant; the need to provide competitive salaries and benefits to ensure high quality services; and the development of local measures and standards in addition to national standards to determine proper service levels.

Mr. Muehlenbeck spoke to economic growth which will require accepting density and development financial incentives along with the need for funding from property/sales tax; the need to increase reliance on property tax to meet financial needs; the cost of business impacted by external factors; revenues and expenses that must be viewed within the context of three to five year estimates with longer forecasts in mind; and the retirement of personnel which will have a financial impact and require aggressive recruitment of replacements.

Mr. Muehlenbeck spoke to the need for additional revenue balanced with budget cuts that can be accomplished without degradation of services, the low property tax rate in the City and the effect of multiple exemptions (homestead, over-65 and disabled). He spoke to the low ratio of employees to citizens and services in Plano as compared to other cities, the anticipated increase in debt while the General Fund is declining and the possibility of prefunding debt service with a 1.5 cent tax rate increase in 2008-09 and a future increase to support operations and maintenance (O/M). Mr. Muehlenbeck spoke to the effect of tax anticipation notes and issues related to removing property exemptions; providing information to the public prior to bond referendums regarding the anticipated tax increase and stated that the City has always been able to absorb the increases without raising the rate. He spoke to moving ahead with those programs that entail little or no O/M impact such as the Oak Point Park trails, pavilion, restrooms and grading and stated that the issue is not construction costs, but rather the continued operation of facilities. Mr. Muehlenbeck spoke to plans to fund the education building from the Water and Sewer Fund whose reserves have been depleted, responded to Council Member Jackson that any sale of water to west Texas would require the buy-in of other members of the district, and spoke to the rebate for processing costs on water not taken.

Mr. Muehlenbeck spoke to funding construction drawings for upgrades to Carpenter Park Recreation Center but not working through the project based on anticipated O/M costs; removal of consideration of constructing Fire Station 14; and asked for Council input on the upcoming Insurance Services Office (ISO) rating and need to complete Station 13, purchase a ladder truck and aerial truck and add six fire inspectors at a cost of nearly \$10 million to retain an ISO Class 1 rating that the City has had for ten years. Mr. Muehlenbeck spoke to the insurance benefits of such a rating and a bond referendum in May 2009 for additional station costs and the aerial ladder truck, advised that this would address the northwest portion of the City, and spoke to the lack of agreement with neighboring cities on an interlocal plan. He advised that only equipment and construction costs may be included in a referendum and Mayor Pro Tem Callison spoke to bringing the issue to the voters, Council Member Dunlap spoke to businesses who do not have a vote, and Council Member Jackson spoke to providing education.

Mr. Muehlenbeck requested Council input regarding the issuance of short-term debt for public art and the possibility of inclusion in a bond sale. The Council spoke to development of the process and possibly cutting back the schedule rather than elimination and its investment in Plano's future. Mayor Evans spoke to those projects on hold due to construction delays and Mr. Muehlenbeck spoke to reviewing projects with Staff and bringing information back for Council consideration.

Fire Chief Esparza spoke to the ISO rating process, the related need for Station 13, fourteen pumpers and an aerial truck and possibly holding the inspectors in reserve if that cost is not necessary for a Class 1 rating. He responded to the Council regarding the need for the station, Class 1 representing high standards, being utilized as a marketing tool and possible shifts in personnel. Mr. Muehlenbeck advised that staffing would not take place until 2010 and stated he would move forward to get the station and truck added to the upcoming referendum.

The Council recessed the worksession at 3:07 and reconvened at 3:19 p.m.

City Manager Muehlenbeck spoke to an overall 38 positions removed from the budget, reviewed the history of school resource officers advising that PISD is responsible for 15% of the cost and will not increase their contribution and stated a recommendation to remove five from the middle schools to fill other positions in the department. He spoke to other programs providing education in the schools and to reconsideration of some of the facilities shared with the school district such as Williams High School. Council Member Jackson spoke to utilizing a program to split resource officer use among schools and Mayor Pro Tem Callison spoke to the possible use of volunteers. Council Member Johnson spoke to the school district contributing at a higher level for continuation of the program. Mr. Muehlenbeck responded to Council Member Miner that police staffing levels are considered for the City as a whole.

Mr. Muehlenbeck advised that the recommended budget would include a three percent salary increase for employees in order to remain competitive and stated concerns regarding dropping lower. He spoke to providing merit increases with three percent as the maximum and responded to Council Member Dunlap regarding movement of non-civil employees from one position to another as workloads shift.

Mr. Muehlenbeck spoke regarding comparison of the City's annual recreation fee to other cities and private clubs and a recommended an increase from \$65 to \$130 for adults (Option 2). He reviewing other possible options, spoke to issues related to family memberships and a review of pricing for younger members. The Council discussed the fees for non-residents, day passes and approaching corporations to offer memberships to their employees. Mayor Pro Tem Callison spoke in support of receiving a 75% recovery for costs. The Council's consensus directed Staff to move forward with Option 2.

Mr. Muehlenbeck spoke to the continued pressure on sales tax and recommended a fiscal policy to set a ceiling on the amount that could be used for the budget and allocating additional revenue to capital reserves or one-time expenditures. He spoke to adjusting where monies are spent each year and responded to Council Member Jackson regarding allocations for public grants related to hotel/motel taxes. The Council directed Staff to prepare a policy draft for review including a cap on non-recurring expenses to be determined by the Council.

Mr. Muehlenbeck spoke to a ten percent increase in City participation for health insurance with funding of GASB 45 and possible increased costs that will be passed on to employees.

Mr. Muehlenbeck spoke to previous bond referendums funded without property tax increases and to a 1.5 cent increase needed for 2009-10 and requested the debt side be pre-funded this year. He spoke to the success of Plano Centre and possible options moving forward to either stay at the current location and double the size of the facility or look for another site and recommended coupling the centre with a convention hotel. Mr. Muehlenbeck responded to Council Member Jackson that doing both would split the City's ability to serve its customers. The Council spoke to the need for a full-service hotel, discussion that would be evoked by either scenario, possibly focusing on the medical community, working with a partner and determining a location that is visible and possibly related to transit. They discussed opportunities for Plano Centre if it were not sold and stated a consensus to move forward looking for another site.

Mr. Muehlenbeck spoke to the history of the Day Laborer Center located on DART property and the need for \$190,000 in improvements including restrooms, compliance with ADA standards and shade. He spoke to DART being under no obligation to provide the location, issues should the facility be closed and requested Council direction. The Council discussed the amenities provided to those utilizing the center, its benefits and directed Staff to move forward with improvements.

Discussion and Direction regarding Boards and Commissions Review

Mr. Muehlenbeck spoke regarding a review of the City's boards and commissions requested by Council. He advised regarding Staff support and spoke to retaining mandated committees, consolidation of the Community Relations Commission and Cultural Affairs Commission, consolidation of building review functions, retention of the Heritage Commission, Multi-Cultural Roundtable and Self Sufficiency Committee, sunseting of the Keep Plano Beautiful Commission, Global Advisory Committee, Transition/Revitalization Committee and Transportation Advisory Committee with their duties assigned elsewhere and the possibility of combining the Parks and Recreation Planning Board, Library Advisory Board, Public Art Committee, Senior Citizens Advisory Board and Youth Advisory Commission. Mr. Muehlenbeck spoke to the establishment of a task force should additional red light cameras be considered, current Staff generation and posting of agendas and responded to Council Member Dunlap, advising that Staff was consulted on the recommended revisions.

Mayor Evans spoke to cancelling the utility flyer mail out and receptions as there may be restructuring of membership roles, the significant Staff costs for support, and to placing an item on a future agenda for discussion. She spoke to continuing outreach efforts via the web site and neighborhood roundtables. The Council spoke to not filling current vacancies and Council Member Dunlap spoke to possible problems where boards may not have a quorum in attendance. The Council directed Staff to contact those members on mandated boards whose terms are expiring and bring information forward for July 28 and Council Member Dunlap discussed possible notification of others whose terms are expiring and providing information to the community-at-large. City Attorney Wetherbee spoke to extension of terms if necessary.

Discussion and Direction regarding Multicultural Outreach Roundtable (MCOR) Structure

City Attorney Wetherbee advised the Council regarding the structure of MCOR wherein any one of the co-chairs may conduct a meeting requiring posting, the desire to form subcommittees to formulate agendas and the option to structure the roundtable similar to a regular board/commission or exempt it from the policy of posting when working on meeting preparation. Mayor Evans spoke to the group being formed to encourage informal participation, the need for creativity, its role in assimilating people into the City and the relationship to the City forming a basis of connection and trust. The Council stated a consensus directing Staff to prepare a resolution exempting posting requirements for agenda planning and require posting of roundtables where the public is invited.

Mr. Sumek spoke to a future meeting to review and discuss governance issues and City Manager Muehlenbeck thanked the Council for their direction. There being no further discussion, Mayor Evans adjourned the meeting at 5:29 p.m.

Pat Evans, MAYOR

ATTEST:

Diane Zucco, City Secretary