

**PLANO CITY COUNCIL
PRELIMINARY OPEN MEETING
November 8, 2010**

COUNCIL MEMBERS

Phil Dyer, Mayor
Lee Dunlap, Mayor Pro Tem
Pat Miner, Deputy Mayor Pro Tem
Ben Harris
André Davidson
Lissa Smith
Harry LaRosiliere
Jean Callison

STAFF

Thomas H. Muehlenbeck, City Manager
Frank Turner, Deputy City Manager
Bruce Glasscock, Deputy City Manager
LaShon Ross, Deputy City Manager
Mark Israelson, Assistant City Manager
Diane C. Wetherbee, City Attorney
Diane Zucco, City Secretary

Mayor Dyer called the meeting to order at 5:02 p.m., Monday, November 8, 2010, in Training Room A of the Municipal Center, 1520 K Avenue. All Council Members were present. Mayor Dyer then stated that the Council would retire into Executive Session in compliance with Chapter 551, Government Code, Vernon's Texas Codes, Annotated, in order to consult with an attorney and receive Legal Advice; and to receive information regarding Economic Development, Section 551.087; and Personnel, Section 551.074; for which a certified agenda will be kept in the office of the City Secretary for a period of two years as required.

Mayor Dyer reconvened the meeting back into the Preliminary Open Meeting at 5:50 p.m.

Consideration and Action Resulting From Executive Session

No items were brought forward.

Zero-Base Budget Discussion

Director of Budget and Research Rhodes-Whitley advised that Zero-base budgeting is a system that begins every budget cycle at zero, rejecting any assumption that the activities that were funded in the last budget will continue in the coming one. She provided a history of the process and stated that while state and local governments tried implementation, most ended due to the paperwork generated and time required. Ms. Rhodes-Whitley advised that development of a Zero-base budget would include decision packages for each program, service and/or business offered by the City including differing levels of funding and service. She spoke to the City of Plano's 449 identified programs and development of three alternatives for each.

Ms. Rhodes-Whitley advised that the current process is a combination of target/priority-based budgeting in which departments are provided a target and utilize decision packages to provide justification or make adjustments to their budgets with services ranked based on how well they align with strategic priorities. She further stated that the Strategic Plan, developed by the Council, identifies the goals for the City and the Core Business Matrix identifies programs/services. Ms. Rhodes-Whitley advised that implementation of Zero-base budgeting would take at least two years requiring a financial system to categorize programs/services to cost centers (rather than departments), restructuring of commodity codes, orders and reporting, and resetting all access security. She advised that implementation would also require restructuring of the personnel system to allocate time dedicated to each program/system. Ms. Rhodes-Whitley advised that budget preparation would require additional department time, training on the new budget and financial systems and additional Budget Department personnel. She spoke to a survey of cities nationwide indicating that most use a modified approach of target/priority/outcome and reviewed a new initiative which will prioritize all programs city-wide in light of the strategic plan.

Council Member Smith spoke in support of overall prioritization, Council review of line items to determine justification for expenditures and bringing forward further discussion following appointment of a new city manager. Council Member Davidson spoke to Zero-base budgeting as a point to reestablish a base budget and in support of overall prioritization. Council Member Callison stated concern regarding implementation of Zero-base budgeting and in support of prioritization.

Discussion/Direction Regarding Issuance of Debt for Water/Sewer

Director of Finance Tacke spoke to previous discussion regarding the issuance of debt to fund water/sewer improvements. She advised that certificates of obligation require no voter authorization, must be published in the newspaper and can be bundled with general obligation bond offerings. She further stated that they are subject to referendum by a voter's petition and are backed by the full faith and credit of the City. Ms. Tacke further advised that revenue bonds require no voter authorization, are paid solely from water/sewer revenues and require a reserve fund.

City Manager Muehlenbeck spoke to prior concern regarding funding levels for capital improvement projects as the City has no reserves in place and spoke to the certificates of obligation utilized for the Police Department's radio system and the moto-mesh system. Mr. Muehlenbeck advised that even though the City did not make the "take or pay" requirements of its contract with the North Texas Municipal Water District, revenues are better than anticipated. He further recommended that current capital programs for water/sewer in the amount of \$13.2 million be funded without issuing debt and monies be set aside to develop a reserve fund. He spoke in support of revenue debt rather than certificates of obligation in the future.

Comprehensive Monthly Financial Report

Finance Director Tacke advised that for the month of September 2010, General Fund revenue was down slightly as a percentage of budget when compared to last year with the Water/Sewer, Sustainability and Civic Center funds up slightly. She advised that actual figures indicate the General Fund is down \$2.3 million as compared to last year partially due to reductions in ad valorem taxes. Ms. Tacke spoke the level of sales tax being up as compared to the prior year and advised regarding lower General Fund expenses (\$7 million). Ms. Tacke advised that the unemployment rate decreased slightly to 7.3%, provided a recap of the real estate market and advised that actual water/sewer revenues are up \$8.2 million due to decreased rainfall and a rate increase.

Discussion/Direction Regarding Annual Fire Inspection Program

Chief Esparza advised that per Council direction, Staff has reduced proposed fees to cover only expenses for additional personnel and spoke to issues related to the timing of promotions to inspector's positions, funding, and billing methodology asking for Council's input regarding a possible delay in implementation until 2011-12. Chief Esparza responded to Council Member Smith, advising that inspectors must be state certified and stated that moving personnel from a station to inspections would result in a lower staffing level for trucks. He responded to the Council that inspectors must be fire fighters, that Staff is considering one inspector rather than two and Staff researched fees charged by other municipalities. The Council stated a consensus to approve the fee schedule and directed Staff to move forward as timing permits.

Discussion and Direction re Supporting a US75 Corridor Study

Mayor Dyer spoke regarding traffic counts for US75 and in support of a study.

Mayor Dyer stepped down from the bench at 6:47 p.m. and did not return.

City Manager Muehlenbeck spoke to a letter received from Collin County Judge Self requesting the City of Plano support a US75 Corridor Study. The Council stated consensus directing Staff to prepare a resolution in support.

Personnel Appointments - Self Sufficiency Committee

Upon a motion made by Council Member Smith and seconded by Council Member Davidson, the Council voted 8-0 to appoint Jason Beck.

Council items for discussion/action on future agendas

No items were discussed.

Consent and Regular Agendas

Council Member Smith requested that Consent Agenda Item “H,” consideration of a resolution to approve the terms and conditions of a First Addendum to the Real Estate Contract by and between the City of Plano, Texas and Emajeon Haggard Hall relating to the purchase of 51.103 acres at the northwest corner of Alma Drive and Park Boulevard be removed for individual consideration due to a possible conflict of interest.

Nothing further was discussed. Mayor Pro Tem Dunlap adjourned the Preliminary Meeting at 6:49 p.m.

Phil Dyer, Mayor

Lee Dunlap, Mayor Pro Tem

ATTEST:

Diane Zucco, City Secretary