

NOTICE OF SPECIAL MEETING

A SPECIAL MEETING OF THE MAYOR AND CITY COUNCIL OF THE CITY OF ABILENE, TEXAS, WILL BE HELD IN THE BASEMENT CONFERENCE ROOM OF CITY HALL FOR THE PURPOSE OF REVIEWING THE PROPOSED 1988-89 BUDGET.

1:30 p.m. July 24, 25, & 26, 1989


AGENDA

1. Call to Order.
2. Invocation.
3. Staff and City Council workshop on Budget and Tax Levy for the City of Abilene:
 - a. Staff Presentation
 - b. Review of General Fund
 - c. Review Water and Sewer Fund
 - d. Executive Session:
 1. Pending and Contemplated Litigation (See Notice for Executive Session, Litigation for listing subjects).
 2. Appointment and Evaluation of Public Officials (see Notice for Executive Session, Personnel for listing subjects).
4. Ordinances:
 - a. Consider on First Reading - Ordinance Approving Revised 1988-89 Budget and Proposed 1989-90 Budget.
 - b. Consider on First Reading - Ordinance Setting Tax Levy.

ADJOURN

CERTIFICATE

I hereby certify that the above notice of meeting was posted on the bulletin board at City Hall of the City of Abilene, Texas, on the 20th day of July, 1989, at 5:00 o'clock p.m.


Jo Moore, CMC
City Secretary

(Personnel)

The City Council may consider the appointment, employment, reassignment, duties, discipline, or dismissal of the City Manager, City Attorney, Municipal Court Judge, City Secretary, and the City Board and Commission Members. A complete list of the City Boards and Commissions are on file in the City Secretary's Office.

After discussion of the appointment and evaluation of the Council Appointees and the Board and Commission members, in executive session, any final action or vote taken will be in public.

(Litigation)

The City Council may consider pending and contemplated litigation subjects. The following subjects may be discussed:

1. Velasquez v. City
2. Maria Slaughter v. City, Jim Blagg, Harvey Cargill
3. Alicia Garcia v. City
4. James Hudson & AB Airlines v. City
5. Bechtel v. City
6. Allied Steel v. City and Meals on Wheels
7. Virginia Martin v. City
8. Frieda Hintz v. City
9. Thornton v. City
10. Christopher Grant Carlson v. City
11. Martha Gillette v. Marietta Proctor
12. City of Abilene v. Riley
13. Don Hobbs v. City
14. Christine Kunschle v. City and McDonald Transit
15. Donald J. & Gwendolyn Collins v. City & James N. Van Allen
16. Ron Kervin v. City and Harvey Cargill
17. Cynthia Haile v. City
18. General Electric Co. v. City
19. Michael Morris & Webster v. City
20. Pam Martin for Patricia Martin v. City and General Beverage
21. Krohn Brothers v. City
22. Fountain v. City & Board of Building Standards

Litigation is, by its nature, an on-going process, and questions may arise as to trial tactics which need to be explained to the City Council. Upon occasion, the City Council may need information from the City Attorney as to the status of the pending or contemplated litigation subjects set out above. After discussion of the pending and contemplated litigation subjects, in executive session, any final action, or vote taken, will be in public.

If personnel issues or litigation issues arise as to the posted subject matter of this City Council Meeting, an executive session will be held.

BUDGET WORK SESSION
JULY 24, 25, & 26, 1989

CITY COUNCIL OF THE CITY OF ABILENE, TEXAS,
BASEMENT CONFERENCE ROOM

Day 1 - July 24
1:30 p.m.

The City Council of the City of Abilene, Texas, met in a budget work session on July 24, 25, and 26, 1989, in the Basement Conference Room of City Hall. Mayor Dale E. Ferguson was present and presiding with Councilman Gary D. McCaleb, Councilwoman Betty Ray, Councilmen Walter E. Wheat, Tom Ceniglis, Jimmy McNeil and Councilwoman Liz Herrera. Also present were City Manager Jim C. Blagg, Assistant City Manager Roy McDaniel, Director of Finance David M. Wright, Budget Officer Jay Singleton, City Secretary Jo Moore, Staff Coordinator Debra Guerra, and Director of Administrative Services Pam Collins.

The Council convened at 1:30 p.m. on July 24, 1989. The invocation was given by Councilwoman Betty Ray.

City Manager Jim Blagg introduced the session by overviewing the proposed 1989-90 budget. He stated property values have been impacted by oil price changes; there has been a 15% reduction in property values over the past five years, 6 1/2% reduction from last year. Sales tax has dropped from 8.1 million in 1985 to FY 90 of 7.95 million. General Revenue Sharing was 1.3 million in 1985 to 0 today. Franchise taxes have dropped from 3.9 million to 3.5 million.

Mr. Blagg stated that over the past 5 years the population has stayed steady at approximately 108,000, but services have been reduced during this same time period, resulting in accumulative reduction in personnel while a demand for service has remained the same, if not increased. The City has taken a very responsible approach with less dollars to operate with. In 1985/86, the actual approved expenditure was 35.1 million in the General Fund, during that year this was reduced to 33.4. The budget expenditure for this year was 32.1 million, resulting in 1.2 million less than four years ago.

In the current year, sales taxes are up over estimates by \$350,000, franchise tax is up by 300,000, investments are up by 200,000, municipal court fines are up by 90,000. Expenditures in line with the budget leaves an end balance of over \$900,000, which puts the City in a very good position for the coming year.

At the City Council retreat, the Council outlined five major policy areas and issues for staff to work on this coming year:

1. Infrastructure Maintenance & Capital Improvements.
2. Flood Control
3. Code Enforcement
4. Housing
5. Economic Development

The basic budget addresses all the above issues, but not in a way the City Manager feels the Council wanted them addressed as discussed during the retreat. The basic budget can be funded with the effective tax rate of 59.61 cents for a total expenditure of 33.3 million from the General Fund - doesn't include important issues - some flood control, health insurance increase, pay adjustment for employees, adequate funding for equipment replacement fund.

The proposed priority need budget begins to address priority issues as outlined by Council at the retreat. The Budget includes health/hospital insurance for employees, salary adjustment which includes pay for performance for non-civil service employees, and amount to adjust civil service pay raise by amount equal to 2%-5% salary depending on rank and length of service - not proposing an across the board adjustment, but includes TMRS improvements, ten-year vesting on the retirement program, and updated service credit at 50%. This totals \$2,037,000 in priority needs that the budget needs to address.

The basic budget and priority need budget brings total expenditures to 35.3 million in the General Fund, which staff is recommending to be financed by use of year end balance of \$900,000 and a tax rate of \$.64.76 cents.

David Wright, Director of Finance, reviewed the tax rate, the effective tax rate, and the impact of the August 12 Sales & Use Tax Election, and 64.76 cent rate on citizens. He informed the Council that the effective tax rate has changed from when the proposed budget was sent to the Council. The new rate is 59.61 cents instead of 59.8 cents as shown in the proposed budget. Mr. Wright explained the tax roll in relation to the tax rate and distributed to the Council the tax rate analysis information.

To fund the priority budget as proposed would take 64.76 cent rate. If Proposition 2 (Economic Development Issue) sales tax passes, the rate drops to 62.74 cents. If Proposition 1 (property tax) passes, the rate would drop to 56.78 cents. If both issues pass, the rate would be 56.29 cents for the priority budget. Mr. Wright presented five different tax rates, stating the variances that will occur depending on the results of the August 12 election.

The Council began to review the line-item detail of the General Fund. Mr. Blagg clarified for the Council services provided under certain line items. Some issues discussed include:

- Professional Contractual Services
- Stability Pay
- Travel/Employee Development
- Furniture/Equipment Maintenance
- Self Insurance
- Equipment Use Charges
- New full/part time employees
- St. System Maintenance
- Sanitary Landfill
- Telephone Service
- 9-1-1 System

Assistant City Manager Roy McDaniel reviewed with the Council the firemen's request to increase the City's contribution into their pension plan based on their proposed formulas for Council's consideration. At the present time, the Firemen's pension plan plus expenses on a monthly basis are exceeding monthly contributions. Mr. McDaniel stated he is not in favor of the fireman's formula because they tie their formula to FICA and TMRS, which is two different subjects. Mr. McDaniel thinks the overall contribution rate to their fund should be reviewed and a proposal on what might be considered along that line brought back to the council, which has not been done at this point. Nine and one-half percent is contributed to fireman's fund by the City. Mr. McDaniel explained the TMRS and FICA contribution rates. The firemen decide on their benefits based on the amount of money they have, which is totally different from TMRS or Social Security. Due to the difference in the plans, the firemen and policemen's pension plans are difficult to compare.

Mr. McDaniel stated an alternative plan from the one the firemen submitted, could be prepared for council consideration. The City Council stated equitable plans for all City employees should be the Council's goal. Mr. McDaniel stated an alternate plan would be prepared for Council's consideration.

Following further discussion on budget line items, Mayor Ferguson recessed the Council into executive session in accordance with State Law, to discuss the appointment and evaluation of public officers and employees as permitted by Section 2g of the Open Meetings Act.

The Council reconvened from Executive Session and reported no action taken in Executive Session.

There being no further business, the meeting adjourned at 5:00 p.m.

July 25, 1989

The Council convened at 1:30 p.m. The invocation was given by Councilman Tom Ceniglis.

The Council began their budget worksession by reviewing expenditures and budgeted items in the Traffic and Transportation Department.

Airport expenditures were discussed, along with budgeted items under Community Services. The Water & Sewer Fund was reviewed.

Mr. Blagg suggested the following reductions to the high priority budget if the Council feels reductions are necessary:

Not funding facility improvement fund, or	-50,000	
Support Services transfer	-60,000	
Health Insurance	-50,000	cut in half
Equipment Replacement	-50,000	cut in half
Replacement Capital	-114,000	
Employee Wellness by	- 5,000	
Repair Undercover Van out of self ins. fund	-10,000	
Creek Channel Excavation out of bond fund tot.	-107,000	
Fire Suppression understaff	-10,000	

With these reductions, the tax rate would be reduced by 2.02 cents. The Council discussed these reductions and the impact of the sales tax election on this proposal.

Mayor Ferguson recessed the Council into executive session in accordance with State Law to evaluate and discuss individual salaries of public officers and employees as permitted by Section 2g of the Open Meetings Law.

The Council reconvened from Executive Session and reported no action taken in Executive Session.

Mr. Blagg informed the Council of the inclusion in the budget of the Parks Board recommendations and of the Ordinance to impose a 2% tax on bingo games.

The Budget Calendar was reviewed with the following dates noted:

August 12 - Sales & Use Tax Election

8:30 a.m. August 18 - Council Meeting to canvass results of August 12 election.

August 24 - Public Hearing on Budget & Tax Rate

8:30 a.m. August 31 - Council Meeting for final reading of Tax Levy Ordinance

Assistant City Manager Roy McDaniel informed the Council that the City retained the A-1 Rating from Moody's and Standard and Poor's awarded the AA Rating.

The meeting was adjourned at 4.50 p.m.

July 26, 1989

The Council convened at 1:30 p.m. The invocation was given by Councilman Wheat.

Council continued budget worksessions with City Manager Blagg emphasizing the Staff's interest in addressing the priority issues outlined at the retreat by the Council. Mr. Blagg stated the following:

A Facility Improvement fund is a way to begin to create a fund similar to Equipment Replacement Fund and Wellness Program for employees would counteract the increase insurance cost. Mr. Blagg stated he felt all high priority issues are important, but understands the reality of the economic situation.

Mr. McDaniel reminded the Council that the budget is based on an 18 month projection.

Councilman McCaleb questioned if anything is left out of the budget that might result in a serious mistake if not considered at this budget time. The City Manager restated the need for equipment replacement fund and facility improvement fund, and also stated adequate capital replacement and street maintenance is in the current budget. It was concluded that effectiveness in major areas could be increased without having to spend more money through current programs.

Mr. Blagg asked Mr. McDaniel to discuss with the Council the proposal from the Firefighters representative from the Board of Trustees on Ablene Firemen's Relief & Retirement Fund.

Mr. McDaniel stated the submitted proposals from the firefighters included the City's contribution to FICA. He stated for clarification the firefighters are not a part of Social Security with the City by their choice, as with the Police. Since 1986, some firemen and police pay small portions to FICA as mandated by law. In comparing the firemen's retirement plan and the TMRS reitement plan for all other employees, currently the City contributes 9 1/2% to the firemen's retirement plan and the firemen contribute 10 1/2% for a total of 20% into their plan.

Mr. McDaniel distributed an explanation to the Council on what, at retirement, the police, fire, and other employees could expect. He stated the fire plan has placed too much emphasis on disability as opposed to retirement. This is being reviewed by the firemen. A shorter vesting period is needed - 10 year vesting is recommended. The firemen's proposal is compared to FICA which may not be relevant. The plans are not similar and Council should be looking at benefits provided. The Council concluded that perhaps next year with input from the firemen's study, a better determination of needs could be made.

Council discussed further proposed budget reductions as follows:

Payroll system	\$25,000
Landfill	20,000
Professional Services (Engineering)	2,500
Equipment Replacement Fund	50,000

These reductions and the impact of the Sales Tax Election on the tax rate was discussed. The current number of employees and possible new hires was discussed.

Mr. Blagg stated the staff would suggest that \$900,000 be moved to the revised 88-89 budget so that money could be encumbered this year and do projects instead of using the money as a revenue item for FY 89-90.

Councilman McCaleb moved to approve on first reading the revised 1988-89 budget as amended, the proposed budget for FY 1989-90 as amended; including the ordinance imposing a gross receipts tax on bingo games, and call a public hearing for August 24, 1989 at 9:00 a.m. on the Budget Ordinance. The motion was seconded by Councilman Geniglis and the motion carried.

AYES: Councilman McCaleb, Councilwoman Ray, Councilmen Wheat, Ceniglis, McNeil, Councilwoman Herrera, and Mayor Ferguson.

NAYS: None.

AN ORDINANCE APPROVING REVISED BUDGET FIGURES FOR FISCAL YEAR 1988-1989; APPROVING AND ADOPTING BUDGET FOR THE FISCAL YEAR OCTOBER 1, 1989, THROUGH SEPTEMBER 30, 1990, FOR THE CITY OF ABILENE; APPROPRIATING FUNDS; REPEALING ALL ORDINANCES AND PARTS OF ORDINANCES IN CONFLICT HEREWITH; CALLING A PUBLIC HEARING.

AN ORDINANCE IMPOSING A TWO PER CENT GROSS RECEIPTS TAX ON THE CONDUCTY OF BINGO GAMES WITHIN THE CITY OF ABILENE.

Councilman McCaleb moved to approve on first reading the tax levy ordinance, and calling a public hearing for August 24, 1989 at 9:00 a.m. and August 31, 1989 at 8:30 a.m. The motion was seconded by Councilman Wheat and the motion carried.

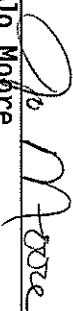
AYES: Councilman McCaleb, Councilwoman Ray, Councilmen Wheat, Ceniglis, McNeil, Councilwoman Herrera, and Mayor Ferguson.


NAYS: None.

AN ORDINANCE OF THE CITY OF ABILENE, TEXAS, APPROVING THE ASSESSMENT ROLL FOR 1989, LEVYING AN AD VALOREM TAX FOR THE CITY OF ABILENE, TEXAS, FOR THE YEAR 1989; PROVIDING FOR THE ASSESSMENT AND COLLECTION THEREOF; REPEALING ALL ORDINANCES AND PARTS OF ORDINANCES IN CONFLICT HEREWITH; PROVIDING AN EFFECTIVE DATE.

Mr. Blagg thanked David Wright, Director of Finance, and Jay Singleton, Budget Officer, for their excellent work on the budget.

There being no further business, the meeting was adjourned at 2:47 p.m.


Jo Moore
City Secretary


Dale E. Ferguson
Mayor