

**SPECIAL MEETING
BUDGET WORKSESSION
AUGUST 10, 2005, 8:30 a.m.**

**CITY COUNCIL OF THE CITY OF ABILENE, TEXAS,
CITY COUNCIL CHAMBERS OF CITY HALL**

The City Council of the City of Abilene, Texas, met in a Special Meeting to conduct a budget worksession at 8:30 a.m. on August 10, 2005, in the City Council Chambers of City Hall. Mayor Norm Archibald was present and presiding with Councilmen Sam Chase, Kris Southward, Anthony Williams, John Hill, Stormy Higgins, and Councilwoman Laura Moore. Also present were City Manager Larry D. Gilley, Assistant City Manager's Michael Morrison and Kathy Merrill, Director of Finance David M. Wright, Assistant Director of Finance Mindy Whisenhunt, City Attorney Sharon Hicks, City Secretary Jo Moore, and various other members of staff.

Mayor Archibald called the meeting to order.

Mayor Archibald gave the invocation and led the Pledge of Allegiance.

Mayor Archibald reviewed the expected schedule for the budget worksessions. The Mayor noted a budget worksession is scheduled following the Regular City Council meeting on Thursday, August 11, 2005 and if needed a worksession can be held on Tuesday, August 16, 2005 at 8:30 a.m. The Mayor commended City Manager Larry Gilley on the initial budget as submitted and then turned the meeting over to Mr. Gilley.

Mr. Gilley stated he feels the proposed budget is a solid budget with good programs at reasonable cost. Mr. Gilley thanked the City Council and staff for their guidance and countless hours spent on the budget process, which began several months ago. Mr. Gilley further stated that the starting point in developing the proposed budget focused on the City's Mission Statement, **"We work together to build a community of the highest quality for present and future generations"**.

Mr. Gilley noted the proposed budget does include recommendations from the four task force review teams: Right-Sizing; Structure; Revenue, and; Managed Competition. The teams were created last year to do a Comprehensive Organizational Review of the effectiveness and efficiency of the way the City does business, and to make recommendations about potential improvements to our organization.

Mr. Gilley then reviewed charts, reflecting the percentage break down by departments, of the proposed Budget Expenditures/Revenues for Fiscal Year 2005-06.

Mr. Gilley presented the budget overview as follows:

- General Fund - \$59,587,610
- G.O. Debt Service Fund - \$5,471,720
- Community Development Block Grant (CDBG) - \$1,614,900

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- HOME - \$1,180,827
- Health Services Fund - \$2,871,120
- Transportation Planning Fund - \$180,840
- Seized Funds - \$53,500
- Water and Sewer Operating Fund - \$28,013,320
- Abilene Transit System Fund - \$4,073,280
- Solid Waste Services Fund - \$10,589,490
- Stormwater Utility Fund - \$1,903,680
- Fleet Maintenance Fund - \$3,765,060
- Fleet Replacement Fund - \$5,148,240
- Central Warehouse Fund - \$550,000
- Self Insurance Fund - \$9,831,930
- Technology Fund - \$975,200
- Abilene Reinvestment Zone - \$520,214
- Development Corporation of Abilene - \$1,825,000

Mr. Gilley stated the FY05 revised budget proposes a General Fund increase of \$1,432,900 (2.52% over FY05 approved). Mr. Gilley explained these costs are associated with the following programs and initiatives:

- Body Armor Replacement for 75 Police Officers = \$45,000
- User Fee Study for Development Services Area = \$25,000
- Audit of Hotel/Motel Tax Compliance = \$7,500
- Video Project for Council Chambers = \$38,000
- Street Roller for Alley Paving Program = \$45,400
- Four 30-Yard Containers for Community Enhancement = \$16,000
- Complaint Tracking Software = \$130,000
- Rose Park Tennis Center Restroom Renovation = \$9,500
- Breathing Apparatus for Airport Operations Officers = \$6,000
- Heating and Cooling System at Rose Park Gym = \$50,600
- Graffiti Eradication Program (City and Taylor County) = \$22,000

Mr. Gilley also stated the FY06 budget proposes a General Fund increase of \$1,371,230 (2.36% over FY05 revised) and explained these costs are associated with the following programs and initiatives:

➤ Proposed Personnel Issues:

- 3% salary adjustment for civil service, effective in January = \$441,000 – 351 employees
- 3% average pay-for-performance for non-civil service (0 – 5% range) = \$370,000 – 787 employees
- Texas Municipal Retirement System – 5 Year Vesting = \$35,250
- Fire Retirees Update = \$155,000
- Police Academy Class #45 = \$211,000

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- Proposed Staffing Changes:
 - Additions:
 - ✓ Community Enhancement – Administrative Clerk
 - ✓ Fire Department – Administrative Clerk – manage and bill for both false fire alarms and the EMS fee
 - Deletions/Changes – Overall Full-Time Positions Reduced by 9:
 - ✓ Downtown Manager
 - ✓ Streets Crew Chief
 - ✓ Public Works Secretary
 - ✓ Parks Maintenance Specialist
 - ✓ Call-for-Help – 2 positions
 - ✓ Civic Center Secretary
 - ✓ Health Coordinator
 - ✓ Police Secretary changed to Part-Time
 - ✓ Parking Control Officers changed to Temporary – 2 positions

- Proposed Programs/Initiatives:
 - Increase in Funding from Hotel/Motel Tax to Abilene Convention and Visitors Bureau (ACVB) = \$38,750 and Cultural Affairs Council (CAC) = \$11,100
 - Consulting Services for a Land Development Code = \$41,400
 - Alley Paving Program – Restructure Personnel with Additional and Upgraded Equipment = (\$26,280)
 - Paramedic Training Program = \$29,440
 - Mental Health Facilities Transport = \$55,000

Mr. Gilley reviewed the General Fund Revenue by Category FY 2005-2006 and the Proposed Fee Increases as follows:

- Increase Burglar Alarm and False Alarm Fees
 - New Fee for False Fire Alarms (allows 3 free)
 - New Fire Alarm Permit Fee
 - New Emergency Medical Service (EMS) User Fee
 - Water Rescue Fee and Hazardous Material Incident Billing
 - Restructure Food Permit Fees
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- Burglar Alarm Permits and False Alarm Fees:
 - Burglar Alarm Permits:
 - ✓ Increase from a \$10 one time fee to \$20 for residential and \$40 for commercial annually.

 - False Alarms:
 - ✓ Decrease from 5 free false alarms to 3 free false alarms.
 - ✓ Change from a \$50 per false alarm over 5 to:
 - \$50 for the 4th and 5th

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- \$75 for the 6th and 7th
 - \$100 for the 8th or more false alarms

- False Alarm Permits and False Alarm Fees:
 - Fire Alarm Permits:
 - ✓ Currently a \$25 one time fee is charges for a fire alarm permit at the time of installation. Change to an annual fee of \$20 for residential and \$40 for commercial.
 - False Fire Alarms:
 - ✓ Currently there are no fees for false alarms.
 - ✓ Allows for 3 free false alarms, then:
 - \$100 for the 4th
 - \$200 for the 5th
 - \$400 for the 6th
 - \$500 for the 7th or more false alarms

- Emergency Medical Service (EMS) User Fee:
 - Implement EMS user fee:
 - ✓ \$25 for Basic Life support
 - ✓ \$65 for Advanced Life Support
(Of the 8,800 EMS calls, 4,700 were Basic and 4,100 were Advanced)

- Water Rescue Fee and Hazardous Material Incident Billing:
 - Water Rescue Fee:
 - ✓ A \$400 fee when public safety personnel respond to extract individuals who have ignored warning devices such as barricades of impending danger.
 - Hazardous Material Billing:
 - ✓ The company responsible for the hazard will be billed actual cost plus an administrative fee.

- Environmental Food Permit Fees:
 - Restructure Food Permit Fees
 - Current:
 - ✓ Food establishment permit for profit \$100
 - ✓ Food establishment exempt organizations \$0
 - ✓ Temporary booth for profit \$20
 - ✓ Temporary booth exempt organizations \$0
 - Proposed:
 - ✓ Category IV = High Risk establishments with 6 or more inspections per year
 - For Profit: 46
 - Exempt Organizations: 1
 - Increase Fee to: \$250

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- ✓ Category III = Moderate Risk establishments with 3-4 inspections per year
 - For Profit: 222
 - Exempt Organizations: 7
 - Increase Fee to: \$175
- ✓ Category II = Low Risk establishments with 2 inspections per year
 - For Profit: 305 Cost remain \$100
 - Exempt Organizations: 71 New fee of \$50
- ✓ Category I = 1 inspection per year on permanent or semi-permanent facilities (seasonal concession, snow cone stands, etc.)
 - For Profit: 36 Cost increase to \$50
 - Exempt Organizations: 26 New fee of \$50 per event where event is a fundraiser
- ✓ Category I = 1 inspection per year on temporary booths** in place 14 days or less
 - For Profit: 110 Cost increase to \$50
 - Exempt Organizations: 90 New fee of \$50 per event where event is a fundraiser

**Number of booths fluctuate from year to year. These numbers are based on 2004-2005 fiscal year.

Mr. Gilley reviewed the General Fund Revenue, Property, Sales, and Franchise Taxes 10 Year Comparisons and the General Fund Expenditures by Category and Department for FY 2005-2006. Mr. Gilley also reviewed the Water Fund Revenue and Expenditures by Category for FY 2005-2006.

Mr. Gilley then addressed the following additional issues and initiatives:

- Public Safety Communications System Replacement Project
- Self Insurance Fund
- Facilities Survey/Facilities Improvement Fund
- Technology Fund
- Financial Accounting and Payroll Software System

Mr. Gilley stated the following subsequent events have occurred since the proposed budget was submitted:

➤ General Fund:

- Increase in Tax Roll \$61,640
- Increase in Taylor County Jail Cost (6,000)
- Propose Funding .5% Fire Retirement (44,300)
- Net General Fund Gain \$11,340

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- Transit Fund:
 - Increase Passenger Fares \$85,000
 - (Last increase – 1992)
 - Discontinue Lunch Trolley – Savings 10,000
 - Net Transit Fund Gain \$95,000

The budget overview also included CityLink fare increases information.

Mayor Archibald thanked Mr. Gilley and his staff for the work on, and presentation of the revised and proposed budgets.

Council and staff discussion included: 1) the yard container program; 2) increases in the Revised budget; 3) utilization of City vehicles; 4) why consultants are needed for developing a Land Development Code; 5) the alley paving program; 6) EMS user fees and how those are enforced, and; 7) \$50.00 Environmental Food Permit Fee for non-profit organizations viewed as excessive but proposed fee can be reviewed and reconsidered.

Council recessed for a break at 10:00 a.m. and reconvened at 10:10 a.m. Mayor Archibald noted that at approximately 12:00 Noon Council will recess for lunch and will reconvene at 1:15 p.m.

Mr. Gilley referred to the Community Enhancement Division Code Compliance Report that notes the good progress the Code Compliance Section of the Division has made in the past few months.

Council and staff discussed various aspects of code compliance including: 1) changes that have occurred since the start of the Community Enhancement Division in March 2005; 2) the number and types of complaints received in FY 2004 and FY 2005 and the time required to process the cases; 3) procedures taken by Code Enforcement officers to correct violations; 4) proposed new strategies; 5) condemnation/rehab program; 6) citations issued; 7) frustration with abatement program voiced; 8) issues concerning fines and establishing fee schedule; 9) what the proposed \$130,000 software to track code violations will encompass; 10) time frame of 1 year needed to establish and provide effective picture of program; 11) spot lighting positive clean up efforts; 12) possibility of filing liens on non-compliant property; 13) abatement versus citation considerations including flexibility, human element, staff discretion, conservative/moderation, and the need for program monitoring.

Following discussion Mayor Archibald stated that following the City Council's regular scheduled Council meeting on October 13, 2005 a Council Workshop will be held for Council to discuss making a philosophical decision in giving direction toward either a more citation oriented or abatement oriented community.

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Mr. Gilley addressed the City's self-insurance fund noting the variety of ways that have been reviewed to address the expenses exceeding the revenue. Options to consider are: raising the premiums; reviewing ways to restructure the program; and/or reducing utilization of the fund. Mr. Gilley stated insurance issues are a national dilemma and that education of employees is an important factor in addressing insurance issues.

Further Council and staff discussion included: 1) reviewing cost savings in changing insurance providers; 2) the negative impact specialty drugs have had on insurance cost; 3) the expense and time, but potential benefit and savings in going out for bids on insurance; 4) insurance stop loss amount being at \$175,000; 5) staff's conservative approach toward sales tax while considering consistency and the sustaining of that consistency; 6) the fleet replacement fund and cost of fuel projection; 7) the need for a long term view of the self-insurance fund, and; 8) consideration being given to private insurance policies following research, by outside sources, of various insurance companies.

Mr. Gilley stated staff will research what would be involved in acquiring outside sources to do a study on private sector insurance and/or on determining if the right decision was made on continuing with the current Insurance Administrator.

Council recessed for lunch at 11:55 a.m. and reconvened at 1:20 p.m.

Mayor Archibald noted a Budget Worksession is scheduled to be held following the Regular Council meeting tomorrow, August 11th. The Mayor also noted if first reading of the Ordinance on the Revised and Proposed Budgets and Tax Levy are held at the August 11th meeting then a August 16th Budget Worksession will not be needed.

Mr. Wright noted the Water and Sewer Operating Fund Statement of Revenues and Expenditures FY 2005-2006 information, would be corrected and provided to Council at the Aug. 11th worksession.

Council and staff discussion included: 1) the Distribution and Collection System Evaluation studies that impact the proposed budget; 2) the studies that have been approved by Council; 3) the process involved in the Water Capital projects; 4) charter stipulations that water/sewer funds are restricted to water/sewer activities and how that activity supports public utility is considered; 5) the General Fund not being restricted on transfers; 6) Council's request for water rate fee structure information; 7) water main replacements, and; 8) percentage variances between approved and revised budgets for past five (5) years.

Council requested staff provide the following at the August 11th Budget Worksession: 1) Capital Projects funds summary; 2) Comparison of 2005 Water Rates for 10 comparable cities, and; 3) past 5 years percentage comparisons for General Fund Approved – Revised Budgets.

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Council and staff discussion continued and included: 1) the need for a Plan to address the 25-30 streets in Abilene that are not paved; 2) maintenance issues addressed thru alley paving programs; 3) the basis for and philosophy behind the EMS versus False Alarm fees; 4) criteria needed to determine possibility of placing an EMT on every fire truck; 5) with the budgeted paramedic training the city is moving toward full paramedic service (not ambulance services), and; 6) the philosophical, funding, and legal issues to be considered when service levels are increased.

Mr. Gilley stated the street paving issues would be relayed to the bond Committee as a potential bond project. Mr. Gilley also stated that the City is not subsidizing ambulance services in Abilene and that the City is moving toward providing the highest level of medical care short of providing transport (ambulance service).

Council and staff discussion continued and included: 1) long term implications of Retirement/Personnel cost; 2) benefits versus contributions and sustaining retirement program concerns; 3) possible long term implication of 5 year vesting, and; 4) what the Texas Municipal Retirement System provides.

Mr. Gilley suggested that Council might want to consider having Gary Anderson from TMRS give a presentation on the TMRS program at a future Council meeting.

Council recessed for a break at 2:45 p.m. and reconvened at 3:00 p.m.

Councilman Williams returned at 3:20 p.m.

Mr. Wright distributed the current 2005-2006 Budget General Obligation Bond Debt Service Fund Statement of Revenues and Expenditures. Mr. Wright then reviewed with Council the 2005-2006 Budget Estimated Ad Valorem Taxes and Distribution information.

Council and staff discussion included: 1) basis for 0-5% Pay for Performance versus 0-4%; 2) review of unfunded projects; 3) re-appraisals, homesteads, new construction and gross values; 4) adequate staffing of police officers to meet needs of community; 5) police academy, police salary increases and comparison to peer cities; 6) benefits of and cost associated with each patrol officer having their own vehicle and the need for establishing vehicles program guideline; 7) wage and hour law issues concerning overtime pay for officers under individual vehicle program; 8) considering individual vehicle program in 2-3 years; 9) the proposed 3% across the board raises for civil service employees, and; 10) the training and retaining of police officers and the need to understand state wide issues as well as area issues.

Council requested a copy of the Unsecured, Undesignated Fund Balance for the past 5-6 years be provided at the August 11th Budget Worksession.

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Mayor Archibald noted Council will resume the Budget Worksession following the Regular Council meeting tomorrow, August 11th.

There being no further business, the meeting was adjourned at 3:50 p.m.

Jo Moore
City Secretary

Norm Archibald
Mayor