

CITY COUNCIL MEETING
March 23, 2006, 8:30 a.m.

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

The City Council of the City of Abilene, Texas, met in Regular Session on March 23, 2006, at 8:30 a.m. in the Council Chambers at 555 Walnut Street. Mayor Archibald was present and presiding with Councilmen Sam Chase, Anthony Williams, Kris Southward, John Hill, Stormy Higgins, and Councilwoman Laura Moore. Also present were City Manager Larry Gilley, City Attorney Sharon Hicks, City Secretary Jo Moore, and various members of the City staff.

Councilman Williams gave the invocation.

Mayor Archibald introduced Tobias Enriquez who led the Pledge of Allegiance. Tobias is a 1st grade student from Long Elementary School. Tobias' grandfather, Billy Enriquez and principle Ms. Leong were also present.

PROCLAMATIONS

Mayor Archibald presented the following proclamations:

- "Founder's Day" April 8th (City's 125th Birthday)
- "Autism Awareness Month" April 2006

Mayor Archibald announced the Mayor's Round-Up 5K Walk/Run will be on April 8th to be held in conjunction with the City's 125th Birthday celebration.

DISPOSITION OF MINUTES

2.0 There being no corrections, additions, or deletions to the March 7, 2006 Council Water Issues Workshop or the March 9, 2006 Regular Council Meeting Minutes Councilman Chase made a motion to approve the minutes as presented. Councilman Southward seconded the motion and the motion carried.

AYES: Councilmen Chase, Williams, Southward, Hill, Higgins, Councilwoman Moore, and Mayor Archibald.

NAYS: None

CONSENT AGENDA

Mayor Archibald stated item 3.9, 1) *Resolution considering transfer of Cable Franchise from Cox Communications to Cebridge and;* 2) *First Reading of Ordinance approving amendments to Cable Franchise Agreement* has been removed from today's agenda.

Councilman Southward requested item 3.7, *Oral Resolution authorizing the City Manager to execute Task Order 12, Supplement 1, to the airside engineering contract with HNTB Corp. at the Abilene Regional Airport* be removed from the Consent Agenda and considered separately.

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Councilwoman Moore made a motion to approve consent agenda items 3.1 through 3.6, first reading of item 3.8, and items 3.10 through 3.13, as recommended by staff. Councilman Williams seconded the motion, and the motion carried.

AYES: Councilmen Chase, Williams, Southward, Hill, Higgins, Councilwoman Moore, and Mayor Archibald.

NAYS: None

Resolutions:

- 3.1 Resolution ordering a Special Election to fill the unexpired term of Council Place 4, to be held in conjunction with the May 13, 2006 Joint City/Abilene Independent School District/Lytle Lake Water Control and Improvement District and City Bond Elections.

The Resolution is numbered **8-2006** and captioned as follows:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS, ORDERING A SPECIAL ELECTION TO BE HELD IN SAID CITY ON MAY 13, 2006 IN CONJUNCTION WITH THE JOINT REGULAR ELECTION OF THE CITY OF ABILENE, ABILENE INDEPENDENT SCHOOL DISTRICT, AND LYTLE LAKE WATER CONTROL AND IMPROVEMENT DISTRICT ELECTION, AND CITY OF ABILENE BOND ELECTION PREVIOUSLY ORDERED; PROVIDING FOR THE SPECIAL ELECTION TO FILL THE UNEXPIRED TERM OF COUNCIL PLACE 4; PROVIDING METHOD OF APPLICATION FOR PLACEMENT OF CANDIDATE'S NAME ON BALLOT; PROVIDING A FILING DEADLINE FOR ALL CANDIDATES; DESIGNATING ELECTION PRECINCTS AND POLLING PLACES; PROVIDING FOR BILINGUAL ELECTIONS FOR CITY ELECTIONS; AND PROVIDING FOR A PROCLAMATION NOTICE AND PUBLICATION OF NOTICE OF SAID ELECTIONS.

- 3.2 Resolution approving the West Central Texas Regional Housing Finance Corporation to Issue Single Family Mortgage Revenue Bonds to Finance single family housing within the City of Abilene.

The Resolution is numbered **9-2006** and has no caption.

- 3.3 Resolution changing the name of an internal access way for 9-1-1 and other addressing purposes on the McMurry University campus.

The Resolution is numbered **10-2006** and captioned as follows:

A RESOLUTION CHANGING THE NAME OF AN INTERNAL ACCESS WAY FOR 911 AND OTHER ADDRESSING PURPOSES ON THE MCMURRY UNIVERSITY CAMPUS.

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- 3.4 Oral Resolution approving a Street Use License Agreement with Habitat for Humanity.
- 3.5 Oral Resolution approving a Street Use License Agreement with Center for Contemporary Arts.
- 3.6 Oral Resolution authorizing the City Manager to execute Amendment 4 to the Avtank, Inc. Lease at the Abilene Regional Airport.
- 3.7 *Removed from the Consent Agenda to be considered separately:* Oral Resolution authorizing the City Manager to execute Task Order 12, Supplement 1, to the airside engineering contract with HNTB Corp. at the Abilene Regional Airport.

Ordinances:

- 3.8 **Z-2006-07** – Request to rezone from RS-12 and RS-6 (Residential Single-Family) to PDD (Planned Development District) zoning, property located at 101 & 102 Sugarberry Avenue, and set a public hearing for April 13, 2006 at 8:30 a.m.

AN ORDINANCE OF THE CITY OF ABILENE, TEXAS, AMENDING CHAPTER 23, SUBPART E, "ZONING", OF THE ABILENE MUNICIPAL CODE, CONCERNING PDD-105 A PLANNED DEVELOPMENT DISTRICT; CALLING A PUBLIC HEARING; PROVIDING A PENALTY AND AN EFFECTIVE DATE.

Resolution/Ordinance:

- 3.9 *Removed from the Agenda:*
 - 1. Resolution considering transfer of Cable Franchise from Cox Communications to Cebridge and
 - 2. First Reading of Ordinance approving amendments to Cable Franchise Agreement, and set a public hearing for April 13, 2006 at 8:30 a.m.

Bid Awards:

- 3.10 **Bid #CB-6003** – Motor Graders for Street Services. The bid was awarded to ASCO, Lubbock, TX in the amount of \$254,254.43.
- 3.11 **Bid #CB-6028** – Ten ton vibratory roller for Street Services. The bid was awarded to Abilene New Holland, Abilene, TX in the amount of \$89,850.00.
- 3.12 **Bid #CB-6033** – Miscellaneous Street Improvements – ADA Curb Ramps. The bid was awarded to Bontke Bros. Construction Co., Abilene, TX in the amount of \$47,740.06.
- 3.13 **Bid #CB-6038** – South 14th Street Access Management. The bid was awarded to Bontke Bros. Construction, Abilene, TX in the amount of \$906,480.98.

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Removed from the Consent Agenda and considered separately:

3.7 Oral Resolution authorizing the City Manager to execute Task Order 12, Supplement 1, to the airside engineering contract with HNTB Corp. at the Abilene Regional Airport.

Councilman Southward questioned the savings of \$1.6 million that was referenced in staff's agenda memo. Dan Weber, Director of Aviation stated the project was originally bid in September 2004 and the sole bid was rejected due to lack of a second competitive bid. The re-bid did result in a cost reduction exceeding \$1.6 million.

Councilman Southward made a motion to approve item 3.7, *Oral Resolution authorizing the City Manager to execute Task Order 12, Supplement 1, to the airside engineering contract with HNTB Corp. at the Abilene Regional Airport.* Councilman Higgins seconded the motion, and the motion carried.

AYES: Councilmen Chase, Williams, Southward, Hill, Higgins, Councilwoman Moore, and Mayor Archibald.

NAYS: None

REGULAR AGENDA

4.1 Jon James, Director of Planning and Development Services briefed the Council on **TC-2006-02**, an ordinance considered on second and final reading approving a request from the Abilene Independent School District to abandon 1) All of Samoa Street; 2) All of an east-west-alley located approximately 110' south of Samoa Street, and; 3) Sunrise Avenue from the south right-of-way line of the alley located approximately 110' south of Luzon Street to the north boundary of Lot 17, Block 1, Section 1, East Horizon Addition, located at 834 Sunrise Avenue.

Mr. James stated the site has been designated by Abilene Independent School District for the construction of a new middle school. The surrounding property was originally platted for residential development in 1959, but a large portion of the subdivision has remained vacant since that time. Mr. James stated the proposed closures will connect the separate parcels and provide a continuous piece of land for development. Preliminary plans for the development show a new east-west street that will connect Sunrise Avenue with South Judge Ely Boulevard to provide additional circulation during peak traffic periods. Staff, the Planning and Zoning Commission, and the Plat Review Committee originally recommended approval of the request with the following conditions as noted on Exhibit "A" of the ordinance:

1. All abandoned right-of-way and lots adjacent to abandoned right-of-way must be replatted.
2. The provision of a new east-west connection between Sunrise Avenue and South Judge Ely Boulevard.
3. The dedication of 20' accessible utility easements for all existing sewer lines.
4. The dedication of drainage easements in all existing rights-of-way, or some other means of accommodation for drainage approved during the development process.
5. The dedication and construction of a cul-de-sac at the north end of the portion of Sunrise Avenue adjacent to Lots 17-19, block 1, Section 1, East Horizon Addition.

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Mr. James distributed a revised Exhibit "A" to the ordinance and stated item number 5 on the Exhibit has been revised to reflect guaranteed completion of a cul-de-sac in the future when the City deems it necessary versus requiring immediate construction. The revised condition is proposed and recommended for approval as follows:

5. *The provision of a cul-de-sac at the north end of the portion of Sunrise Avenue adjacent to Lots 17-19, Block 1, Section 1, East Horizon Addition that complies with applicable Subdivision Regulations.*

Council and staff discussion included: 1) location and number of acres the school district owns; 2) Council noting it would be helpful to them if they were provided information on who had the property homesteaded; 3) Council's concerns related to the traffic flow and number of individuals commuting through the surrounding neighborhoods to school; 4) staff's clarification that the majority of the traffic flow will probably come off of Judge Ely; 5) staff noting the need for a connector street, and; 6) Council's concerns of the commercial traffic and the need to review the commercial impact to the area when a site plan is done.

Mayor Archibald opened a public hearing on the item and the following individual addressed the Council:

- David Todd, agent – Mr. Todd briefed the Council on the school district's future plans and stated they are proposing to close two streets and one alley. Mr. Todd noted all traffic will be off of Judge Ely.

Discussion included: 1) the possibility and potential impact of a regional retention pond in the proposed area; 2) the school district not being responsible for the water and not having calculated the feasibility or practicality of a regional buy in, and; 3) the new school not being accessible from either Formosa Street or Sunrise Avenue.

There being no one else present and desiring to be heard the public hearing was closed.

Councilman Hill made a motion to approve **TC-2006-02**, an ordinance considered on second and final reading from the Abilene Independent School District to abandon 1) All of Samoa Street; 2) All of an east-west alley located approximately 110' south of Samoa Street, and; 3) Sunrise Avenue from the south right-of-way line of the alley located approximately 110' south of Luzon Street to the north boundary of Lot 17, Block 1, Section 1, East Horizon Addition, located at 834 Sunrise Avenue with the revised Exhibit "A" as follows: 1) All abandoned right-of-way and lots adjacent to abandoned right-of-way must be re-platted; 2) The provision of a new east-west connection between Sunrise Avenue and South Judge Ely Boulevard; 3) The dedication of 20-foot accessible utility easements for all existing sewer lines; 4) The dedication of drainage easements in all existing rights-of-way, or some other means of accommodation for drainage approved during the development process, and; 5) The provision of a cul-de-sac at the north end of the portion of Sunrise Avenue adjacent to Lots 17-19, Block 1, Section 1, East Horizon Addition that complies with applicable Subdivision Regulations. Councilman Williams seconded the motion, and the motion carried.

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AYES: Councilmen Chase, Williams, Southward, Hill, Higgins, Councilwoman Moore, and Mayor Archibald.

NAYS: None

The Ordinance is numbered **7-2006** and captioned as follows:

AN ORDINANCE PROVIDING FOR THE ABANDONMENT OF A PORTION OF PUBLIC RIGHT OF WAY; PROVIDING FOR THE TERMS AND CONDITIONS OF SUCH ABANDONMENT, AND CALLING A PUBLIC HEARING.

Mayor Archibald stated he and Councilwoman Moore would be abstaining from **item 4.2, TC-2006-03, an ordinance considered on second and final reading approving a request from Hendrick Medical Center to abandon Cypress Street from North 17th Street to North 18th Street, and item 4.3, Z-2006-09, an ordinance considered on second and final reading to rezone property from RM-3 (Residential Multi-family), MU (Medical Use), and GC (General Commercial) to GC (General Commercial) zoning, property located on the north side of the 1000 block of North 17th Street**, due to his employment with Hendrick Medical Center and Councilwoman Moore having signed a letter of intent to begin employment with Hendrick Medical Center.

4.2 Jon James, Director of Planning and Development Services briefed the Council on **TC-2006-03**, an ordinance considered on second and final reading approving a request from Hendrick Medical Center to abandon Cypress Street from North 17th Street to North 18th Street.

Mr. James stated Hendrick Medical Center is requesting the closure of this portion of Cypress Street, in conjunction with case **Z-2006-09**, to unify the property for development of a proposed Pharmacy School. Mr. James noted this is an improved two-lane street and along the west side of the street is a large parking lot and two vacant parcels. The parking lot would remain and would be accessible from North 18th Street. Mr. James further noted the east side of the street has a medical office building, two houses and some vacant parcels. Staff, the Plat Review Committee and the Planning and Zoning Commission recommend approval of the request subject to the following conditions:

1. The right-of-way and any lots that front only on the subject right-of-way must be replatted.
2. Retain an open drainage easement along the entire right-of-way or redirect the drainage in a manner to be approved by the City of Abilene.

Mayor Archibald opened a public hearing on the item and the following individual addressed the Council:

- Dwayne Martin, staff architect for Hendrick Medical Center – Mr. Martin noted the size of the project and requested Council approve the request.

There being no one else present and desiring to be heard the public hearing was closed.

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Council and staff discussion included: 1) location of the pharmacy school and the possible affect on residences in the area; 2) the existing parking lot will continue to be utilized, and; 3) Council stating the positive impact this project will have on the community.

Councilman Williams made a motion to approve **TC-2006-03**, an ordinance considered on second and final reading to abandon Cypress Street from North 17th Street to North 18th Street. Councilman Chase seconded the motion, and the motion carried.

AYES: Councilmen Chase, Williams, Southward, Hill, and Higgins.

NAYS: None

ABSTAIN: Councilwoman Moore and Mayor Archibald.

The Ordinance is numbered **8-2006** and captioned as follows:

AN ORDINANCE PROVIDING FOR THE ABANDONMENT OF A PORTION OF PUBLIC RIGHT OF WAY; PROVIDING FOR THE TERMS AND CONDITIONS OF SUCH ABANDONMENT, AND CALLING A PUBLIC HEARING.

4.3 Jon James, Director of Planning and Development Services briefed the Council on **Z-2006-09**, an ordinance considered on second and final reading to rezone property from RM-3 (Residential Multi-family), MU (Medical Use), and GC (General Commercial) to GC (General Commercial) zoning, property located on the north side of the 1000 block of North 17th Street.

Mr. James stated Hendrick Medical Center is proposing to redevelop this site, which would include the demolition of residential and commercial structures and the proposed construction of a Pharmacy School. This request is related to case **TC-2006-3**, which would close Cypress Street adjacent to the property. Mr. James noted the original request was for GC (General Commercial) zoning due to some of the property to be developed currently being GC (General Commercial) zoning. Mr. James stated staff has concerns surrounding GC (General Commercial) zoning and its proximity to nearby homes and residential zoning. MU (Medical Use) or CU (College University) zoning are more restrictive than GC and would be more appropriate for the area. Mr. James further stated GC (General Commercial), MU (Medical Use), and CU (College University) zoning will all permit the proposed Pharmacy School. During the Planning and Zoning Commission meeting, the agent for Hendrick Medical Center stated that any of the zoning districts would be acceptable, but their preference would be CU (College University) zoning. Mr. James noted this is an area that is designated as a "Special Activity Center" in the Comprehensive Plan due to the presence of the Medical Center and Hardin-Simmons University. Staff and the Planning and Zoning Commission recommend MU (Medical Use) zoning.

Council and staff discussion included: 1) the applicant's request for GC (General Commercial) zoning but their consenting to MU (Medical Use) or CU (College University) zoning; 2) staff noting the Planning and Zoning Commission stated at their meeting a preference for MU (Medical Use) zoning and the applicant stated a preference for CU (College University) zoning over MU (Medical Use); 3) Council requesting staff's clarification on the Comprehensive Plan's perspective on residential parking in the front versus developing the rear of the property; 4) staff explained limitation on requirements until ordinances are updated and noted new

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development will address some issues, and; 5) the Comprehensive Plan being fairly general in addressing development close to streets versus away from streets.

Mayor Archibald opened a public hearing on the item and the following individual addressed the Council:

- Dwayne Martin, staff architect for Hendrick Medical Center – Mr. Martin briefed Council on the background of the building and stated the building and land will become the property of Texas Tech University. Mr. Martin noted the reasons for the GC (General Commercial) zoning request and stated the CU (College University) and MU (Medical Use) zoning is immaterial. Mr. Martin further stated another development will occur in the future behind this building. Mr. Martin stated Hendrick Medical Center and Texas Tech are in agreement with MU (Medical Use) zoning, the landscaping and the screening requirements.

There being no one else present and desiring to be heard the public hearing was closed.

Councilman Hill stated in the goal to develop the City's institutional memory he would challenge the City Manager to put a policy in place toward that goal and to help provide more clarity in dialogue.

Councilman Chase made a motion to approve **Z-2006-09**, an ordinance considered on second and final reading to rezone property from RM-3 (Residential Multi-family), MU (Medical Use), and GC (General Commercial) to MU (Medical Use) zoning, property located on the north side of the 1000 block of North 17th Street. Councilman Hill seconded the motion, and the motion carried.

AYES: Councilmen Chase, Williams, Southward, Hill, and Higgins.

NAYS: None

ABSTAIN: Councilwoman Moore and Mayor Archibald.

The Ordinance is numbered **9-2006** and captioned as follows:

AN ORDINANCE OF THE CITY OF ABILENE, TEXAS, AMENDING CHAPTER 23, SUBPART E, "ZONING", OF THE ABILENE MUNICIPAL CODE, BY CHANGING THE ZONING DISTRICT BOUNDARIES AFFECTING CERTAIN PROPERTIES; CALLING A PUBLIC HEARING; PROVIDING A PENALTY AND AN EFFECTIVE DATE.

Mayor Archibald invited all to attend the opening ceremonies of the Pharmacy School scheduled for August 6, 2007.

4.4 Councilman Hill made a motion to remove from the table **Z-2005-39**, an ordinance to rezone property from PI (Park Industrial) and O (Office) to PDD (Planned Development District) zoning district, property located in the 5200 block of South Clack Street. Councilman Williams seconded the motion, and the motion carried.

AYES: Councilmen Chase, Williams, Hill, Higgins, Southward, Councilwoman Moore, and Mayor Archibald.

NAYS: None

4.4 Jon James, Director of Planning and Development Services briefed the Council on **Z-2005-39**, an ordinance considered on second and final reading to rezone property from PI (Park Industrial) and O (Office) to PDD (Planned Development District) zoning district, property located in the 5200 block of South Clack Street.

Mr. James stated the applicant requested commercial zoning but has no definite plans for the subject parcel. The current PI (Park Industrial) and O (Office) zoning are fairly restrictive and the applicant desires to make the property more appealing for development. Mr. James further stated staff determined that a PDD (Planned Development District) would be more appropriate to protect the appearance from the three major roadways that intersect near the parcel. The proposed ordinance is similar to the adjacent PDD (Planned Development District) that occupies a large tract of land to the west and south of the subject parcel. However, staff recommends some updates to reflect the goals stated in the Comprehensive Plan and to protect recent residential development to the west. The ordinance includes slightly stricter landscaping, screening, and outdoor storage regulations to enhance the appearance along the U.S. 83/84 corridor. Mr. James stated this request was tabled due to an ongoing enforcement issue on the subject parcel and the applicant's other property located along Butternut Street. Mr. James noted the applicant has removed all of the appliances from the subject parcel and begun improving the appearance for a prospective tenant by mowing, repainting the existing structures, and planting trees along the front property line. The applicant has also provided opaque screening at his Butternut property to bring it into compliance with the outdoor storage requirements in the Zoning Ordinance. Staff and the Planning and Zoning Commission recommend approval of the request.

Council and staff discussion included: 1) Council being encouraged that the enforcement and cooperative process has worked; 2) the opposition of surrounding property owner's being the perception that the proposed business will be no improvement over what was there; 3) Council's concerns of screening storage areas, restriction on off site billboards, and questioned rationale for sign height and landscaping percentage requirements; 4) staff's clarification that the applicant is in agreement with the sign height and due to the proposed area being a prominent entry way into the City a billboard cannot be placed on the property; 5) Council's concerns that the 10% landscaping requirement may be prohibitive to the developer; 6) staff noting the area for a detention pond would count towards the landscaping requirement and that Council can approve changing the percentage requirement; 7) Council's concerns over the PDD (Planned Development) process, as well as concerns involving the amount of information that was relayed to the applicant (i.e., what code allows, what staff recommends, etc.), and; 8) staff noting issues were discussed with the applicant but not necessarily in total detail.

Mayor Archibald opened a public hearing on the item and the following individuals addressed the Council:

- Leroy Walden, applicant – Mr. Walden stated he has a developer that wishes to open a business on his property. Mr. Walden further stated a company wants to place a sign

on the property and the individual renting the property wants to lease the sign. Mr. Walden requested Council approve a public billboard to be placed on the property.

Discussion included: 1) Council questioning the applicant of his approval of the 10% landscaping requirement and the request of a billboard being placed on the property; 2) Mr. Walden's uncertainty of what the stone producing company needs are; 3) staff clarifying current PI & O (Park Industrial & Office) zoning allows for a 36' sign and a PDD (Planned Development District) zoning, which staff is recommending, would allow a 35' sign; 4) if the PDD (Planned Development District) zoning for a 35' sign is approved the developer could request an amendment up to 42 ½'; 5) staff noting that stone products would be outdoor storage and under the current ordinance the product inventory would be required to be screened from the roadway; 6) Council's concerns involving the applicant's understanding of the screening requirements and the need for more discussion with the applicant, and; 7) Council requesting staff work with the applicant, future tenant, and developer to insure that all parties are in complete understanding of all the requirements.

- Don Whitehead, developer – Mr. Whitehead stated he is a developer of lots west of this property and that he is addressing issues relative to enforcement. Mr. Whitehead further stated he feels Council will be doing Mr. Walden a service if the item is tabled, but questioned the zoning staff and Mr. Walden on the current compliance status of the property. Mr. Whitehead noted Mr. Walden has made progress in cleaning up the property but encouraged staff to look at the current compliance of the property in order to protect the city if the item is tabled.

There being no one else present and desiring to be heard the public hearing was closed.

Council suggested that Mr. Whitehead supply Mr. Walden with names of individuals that could aide him by providing him needed information.

Councilman Higgins made a motion to table **Z-2005-39**, an ordinance considered on second and final reading to rezone property from PI (Park Industrial) and O (Office) to PDD (Planned Development District) zoning district, property located in the 5200 block of South Clack Street. Councilman Hill seconded the motion, and the motion carried.

AYES: Councilmen Chase, Williams, Southward, Hill, Higgins, Councilwoman Moore and Mayor Archibald.

NAYS: None

Council recessed for a break at 10:25 a.m. and reconvened at 10:35 a.m.

4.5 A. David Wright, Director of Finance presented for Council action the Financial and Investment Policies and FY 2005 Financial Report. Mr. Wright introduced Diane Terrell with Davis, Kinard & Co., P.C. who assisted him with the presentations.

Mr. Wright reviewed the September 30, 2005 General Fund Balance Sheet including Assets, Liabilities and Fund Balances, Revenues and Expenditures (Adjusted Revised Budget versus Actual Budget Basis), approved 2004-2005 Revised Budget and Revised Budget with Adjustments, and the September 30, 2005 Water and Sewer Fund Revenues and Expenditures.

Mr. Wright and Ms. Terrell presented and briefed Council on the following information provided by Davis, Kinard & Co.

- Transmittal Letter
- Financial Policy
- Investment Policy
- Management Discussion & Analysis
- Capital Projects
- Water & Sewer Capital Projects
- Overall Audit Opinion
- Advisory Comments

Ms. Terrell reviewed the Advisory Comments stating in planning and performing the audit of the basic financial statements of the City of Abilene, Texas for the year ended September 30, 2005, they considered the City's internal control to determine the auditing procedures for the purpose of expressing an opinion on the basic financial statements, and not to provide assurance on internal control. However, during the audit they became aware of matters that are opportunities for strengthening internal controls and operating efficiency. Ms. Terrell stated the memorandum that accompanies their letter summarizes comments and suggestions regarding those matters and that the letter does not affect the report dated January 3, 2006, on the basic financial statements of the City of Abilene, Texas.

Ms. Terrell continued with the September 30, 2005 Advisory Comments by reviewing the following information:

- Current Year Comments:
 - Government Auditing Standards on Independence
 - Recent GASB Pronouncement
- Status of Prior Year Comments:
 - Accounting for Grants
 - *The Current Status
 - Capital Assets Records System
 - *The Current Status
 - Streets and Drainage Infrastructure Inventory
 - *The Current Status

Mr. Wright stated Davis, Kinard & Co., P.C. issues the Advisory Comment letter on areas they believe should be reviewed, or those that have been implemented based on the previous year comments. Mr. Wright reviewed and commented on each of the categories mentioned in the Advisory Comments letter as follows:

- **Government Auditing Standards on Independence:**
Staff will continue to work on reducing the number of adjustments that will improve year-end closing in order to reduce the audit time. While improvements have been made, a review will be conducted of our procedures and based on a

detailed guidance to be provided by the auditors. As we have assumed more responsibility under the new guidelines, staffing has become an issue and hopefully will be addressed in the next budget.

- **Recent GASB Pronouncement:**
Staff has reviewed the new requirements and will begin addressing them.
- **Accounting for Grants:**
The City has seventy-four (74) state and federal grants. The auditor's comment refers to a few of these. Improvements were made this past year and additional processes and procedures will be implemented,
- **Capital Assets Records System:**
Staff worked with the auditors this past year on training personnel and procedures. Additional training and procedures will be implemented. It is expected that this manual process can be eliminated in the future with a new financial accounting system.
- **Streets and Drainage Infrastructure Inventory:**
The street inventory portion has been completed. Work is progressing on the alley system, street signs, and traffic signals. The City's internal auditor is following this progress and is providing status updates.

Mr. Wright expressed staff's appreciation for the support and confidence that the Council and City management has relayed to the department.

Council and staff discussion included: 1) staff noting budget adjustments that are made within accounting guidelines to keep departments in balance; 2) Council noting for management policy purposes Council should have actual per department data in order to see if departments are over spending, and; 3) staff noting the goal is to assure the budget is balanced, the revised versus actual budget reflects the numbers, and that if technology allows there is nothing wrong with tracking the information per department.

Agenda item 4.5 B. was presented prior to a vote being taken on item 4.5 A.

4.5 B. David Wright, Director of Finance briefed the Council on the FY 2005 Year End Balances.

Mr. Wright reviewed the FY 2005 General Fund Revenues and Expenditures (Adjusted Revised Budget vs. Actual Budget Basis), and the FY 2005 Hotel/Motel Occupancy Tax which included the following statistics:

<u>Budget</u>	<u>Actual</u>	<u>Difference</u>
\$1,740,000	\$1,814,545	\$74,545

Civic Center

FY 2005 Items Held Due to Electric Costs:

1) Exhibit Hall Electrical Drops	\$29,460
2) Paint Exhibit Hall	\$ 6,380
3) Tables and Carts	\$12,000
4) Auditorium Drape Replacement	<u>\$16,790</u>
	\$64,630

Mr. Wright stated the Year End General Fund (Revenues and Expenditures) ending up with a fund balance of \$793,250 and as addressed in a previous workshop the Hotel/Motel Tax difference of \$74,545 is part of the \$793,250 balance. Four items in the Civic Center budget, totaling about \$64,000, were held to try to absorb electric use issues. Mr. Wright further stated there has also been a request from the Abilene Convention and Visitors Bureau (ACVB), for an additional \$50,000 for their program. Funding of either or both (Civic Center or ACVB) would have to come out of the \$793,250. Staff recommends Council approve funding for the Civic Center and accept the financial report, reaffirm investment policies as stated in the financial report and make a determination, if any, about the use of the \$793,250. Any excess balance staff would recommend stay in the General Fund and in an undesignated balance.

Council and staff discussion included: 1) noting that this is not a Venue Tax; 2) staff explained what the statement “passing a share of the cost of extending utilities and improvements in subdivisions” in the Financial Policy means and how that has been implemented, and; 3) staff noted the sub-division developers bear the cost of extensions but that the City will participate in that cost (i.e. increasing size of water lines) if it’s determined to be in the best interest of the public.

Council noted in regards to the ACVB request for an additional \$50,000, a few years ago the City went from a percentage basis to a specified annual dollar amount allotment that the ACVB agreed upon due to their wanting a stable budget.

Mr. Wright briefed the Council on the history of the allotments stating that several formulas have existed. At one time a percentage of actual receipts (or actual tax collected) was used which fluctuated monthly and did not provide a stable budget. We then went to a percent, based upon our budget estimates, if the estimates came in exactly then they had that amount and it was locked in. If receipts came in over that they did not get any more money. The City maintained that for the Civic Center and if we came in under a budget estimate they still got their amount and the City had to cut expenses elsewhere or have other revenues absorb it. Three or four years ago that changed when Council said we don’t want you to tell them a number based upon an

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estimate we want to consider that annually. A number was then locked into which is where we are for this year and it will be the same next year. That held true up until this budget year when the City Manager recommended that the ACVB and Cultural Affairs Council a 5% increase over what they previously had been given over the past three years. Their request was much greater than the 5%.

Further discussion included: 1) Council clarifying that staff recommends that the Civic Center needs be funded and that the remaining balance of the funds go to the General Fund Balance, and; 2) Council questioned if the ACVB has brought an increased budget request and if a cost benefit analysis was with that request in order for Council to see what they are needing the money for.

Mr. Wright explained that their original request had their full program shown and that he understood the Council did receive that information. ACVB had anticipated that they would receive what they requested so therefore they programmed that into various things. Mr. Wright stated his apologies to Council noting that he had told Ms. Liles that he didn't think it necessary that she be at the meeting today because he thought she had visited with each Councilmember about their request over the past year. ACVB prepared their program assuming they would receive the full requested amount of \$98,000.00 (they were given a \$38,000.00 increase).

Council noted the great job the ACVB has been doing and that they do seem to be making the City money. Mr. Wright agreed with Council on the good job the ACVB does but stated his question is does the Council want to address their request now or try to readdress it at the next budget cycle and not do mid-year adjustments.

Mayor Archibald asked Mr. Wright to review staff's request for Council action today.

Mr. Wright stated staff is requesting Council: 1) accept the Audit (Financial) Report presented today, which will re-affirm investment and financial policies as they now stand; 2) address the use, if any, of the fund balance which now stands at \$793,250. Mr. Wright also stated the four items for the Civic Center that were planned to be done and that were in the budget but were not done in order to try to keep the General Fund in line, staff is now recommending of the \$793,250 that Council authorize the \$64,630 be reserved for the Civic Center improvements.

Council questioned if staff is recommending that the City not give any more additional funds out of this balance to the ACVB? Mr. Wright responded that he doesn't feel that is staff's recommendation to make.

Council and staff discussion included: 1) Council questioned why a decision has to be made as part of today's audit presentation as opposed to being considered at a meeting when the Civic Center or ACVB representatives are present to address their needs; 2) staff explained Council does not have to make that decision today, that the issue was only presented as part of the FY end and was brought back to Council due to the discussion that took place a month and half ago; 3) staff stated Council can approve agenda item 4.5 A. today only and not act on 4.5 B. or Council can act on 4.5 A & B individually or as one item, and; 4) Council reiterated that these items were originally in the budget but were held out to make sure the budget was made and now

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that we know we made the budget staff wants to spend the money in this year because we know we have the money.

Council stated the possibility of addressing the request as part of the budget next year. Mr. Wright stated he thinks that would be an appropriate time to address the request but he reminded Council that they can address the request at any point they'd like, because the request has been made.

Mayor Archibald restated action needed by Council on agenda items 4.5 A & 4.5 B.

4.5 A. Councilman Hill made a motion to accept the FY 2005 Financial Report and approve the current Financial and Investment Policies. Councilman Southward seconded the motion, and the motion carried.

AYES: Councilmen Chase, Williams, Hill, Higgins, Southward, Councilwoman Moore, and Mayor Archibald.

NAYS: None

4.5 B. Councilman Williams made a motion to approve the FY 2005 Year End Balances and the \$64,630.00 funding for the improvements at the Civic Center with the balance to go to the un-restricted Fund Balance. Councilman Hill seconded the motion.

Councilman Chase moved the amend the motion to designate \$50,000 of that additional un-designated Fund Balance to go to the Abilene Convention and Visitors Bureau as per their request. Motion died for lack of a second.

Councilmen Williams and Hill stated their motion and second stands as stated. Motion carried.

AYES: Councilmen Chase, Williams, Hill, Higgins, Southward, Councilwoman Moore, and Mayor Archibald.

NAYS: None

4.5 C. David Wright, Director of Finance briefed the Council on the FY 2006 Update.

Mr. Wright reviewed the following Summary of Revenues as of February 28, 2006 for Budget Fiscal Year 2006:

- General Fund Revenues
- Hotel/Motel Tax
- Sales Tax
- Property Tax
- Sales Tax Comparison General Fund
- Electric Franchise Fee
- Telecommunication Line Fee
- Cable TV Franchise Fee
- Licenses & Permits

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- Airport
- Municipal Court Fines

Mr. Wright also reviewed the following Summary of Expenditures as of February 28, 2006 for Budget Fiscal Year 2006:

- General Fund Expenditures
- Electric
- Natural Gas
- Equipment Use Charge
- Street Lighting
- Police Overtime
- Fire Overtime

No Council action was required on the FY 2006 Update.

EXECUTIVE SESSION

Mayor Archibald recessed the Council into Executive Session pursuant to Sections 551.071, 551.074, and 551.072 of the Open Meetings Act, to seek the advice of the City Attorney with respect to pending and contemplated litigation, to consider the appointment and evaluation of public officers, and to consider the purchase, exchange, lease or value of real property.

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

5.4 No action was taken on the board appointments for the Planning and Zoning Commission.

There being no further business, the meeting was adjourned at 11:55 a.m.

Jo Moore
City Secretary

Norm Archibald
Mayor