

**SPECIAL MEETING
BUDGET WORKSESSION
JULY 25, 2006, 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 July 25, 2006 in the City Council Chambers of City Hall. Mayor Norm Archibald was present and presiding with Councilmen Sam Chase, Joe Spano, Anthony Williams, Stormy Higgins, and Councilwomen Laura Moore and Celia Davis. Also present were City Manager Larry D. Gilley, Assistant City Manager's David Vela 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 and gave the invocation.

Councilman Spano led the Pledge of Allegiance.

Mayor Archibald reviewed the expected schedule for the budget work sessions. The Mayor noted a budget work session is scheduled for tomorrow, Wednesday, July 26, 2006, at 8:30 a.m., and if needed a work session is also scheduled after the Regular Council meeting on Thursday, July 27, 2006. The Mayor stated the goals of the budget deliberations are to: 1) approve the Revised 2005-2006 Budget; 2) approve the Proposed 2006-2007 Budget; 3) set the Tax Levy, and; 4) adopt the Schedule of Rates and Charges for Water and Sewer Utility Service.

David Wright, Director of Finance noted following the Council's approval of first reading of the tax levy and budget ordinances the remaining Council Budget Calendar dates are as follows: 1) Regular Council meeting, August 10, first public hearing on proposed tax increase and public hearing on CDBG and HOME budgets; 2) Regular Council meeting, August 24, second public hearing on proposed tax increase, and; 3) Special Council meeting, September 7, second reading, public hearing, and vote on budget ordinance and proposed tax levy.

Mayor Archibald stated the goal for today's meeting is to discuss the General Fund and to conclude that discussion by noon. Budget discussions would then continue on Wednesday, July 26 and if necessary on Thursday July 27 following the regular Council meeting. The Mayor then asked Mr. Gilley to present the budget information.

Mr. Gilley stated the City's Mission Statement, **"We work together to build a community of the highest quality for present and future generations"**, and noted the budget process demonstrates that mission. Mr. Gilley thanked the City Council and staff for their guidance and countless hours spent on the budget process.

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Mr. Gilley then reviewed charts, reflecting the percentage break down by departments, of the proposed Budget Expenditures/Revenues for Fiscal Year 2006-07.

Mr. Gilley presented the budget overview as follows:

- General Fund - \$63,387,630
- G.O. Debt Service Fund - \$7,011,870
- Community Development Block Grant (CDBG) - \$1,421,650
- HOME - \$886,590
- Housing Fund - \$6,387,320
- Health Services Fund - \$2,931,900
- Transportation Planning Fund - \$220,000
- Seized Funds - \$45,000
- Hotel/Motel Fund - \$2,040,000
- Water and Sewer Operating Fund - \$29,727,800
- Water and Sewer Debt Service Fund - \$5,206,520
- Abilene Transit System Fund - \$3,182,030
- Solid Waste Services Fund - \$10,594,290
- Stormwater Utility Fund - \$1,702,140
- Fleet Maintenance Fund - \$4,461,790
- Fleet Replacement Fund - \$4,614,070
- Central Warehouse Fund - \$550,000
- Self Insurance Fund - \$9,580,910
- Technology Fund - \$1,001,793
- Abilene Reinvestment Zone - \$259,360
- Development Corporation of Abilene - \$1,954,530

Mr. Gilley stated the FY06 revised budget proposes a General Fund increase of \$2,903,110 (4.87% over FY06 approved). Mr. Gilley explained these costs are associated with the following programs and initiatives:

- Miscellaneous Equipment for Various Departments = \$315,220
- Parks Master Plan = \$75,000
- Additional City Marshal = \$11,940
- Pay Plan Adjustments = \$100,000
- Replace one (1) Abilene Police Department K-9 = \$10,000
- Building Maintenance at the Law Enforcement Center = \$62,140
- Right-of-way Mowing Program = \$50,000
- Replace six (6) Route Buses for Transit = \$295,740 (City's Match)
- Transfer to Self Insurance = \$100,000
- Electric = \$686,020
- Natural Gas = \$86,270
- Other Utilities = \$44,370
- Street Lighting = \$230,000
- Fleet Maintenance and Fuel = \$277,320

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- Abilene Convention & Visitors Bureau (ACVB) = \$51,350
- Legislative Consultant = \$60,000
- Meet and Confer Consultant = \$75,000
- Jail Cost = \$63,000
- Civic Center Maintenance and Lighting = \$50,830
- Spay and Neuter Program = \$65,000
- Police Interrogation Camera = \$13,420
- Police Chairs and Shelves = \$10,610
- EMS Medical Supplies = \$30,000
- Tax Appraisal and Collections = \$26,000
- Zoo Animal Supplies = \$15,000
- Miscellaneous Other Expenses = \$123,910

Mr. Gilley also stated the FY07 budget proposes a General Fund increase of \$996,910 (1.60% over FY06 revised) and explained these costs are associated with the following programs and initiatives:

➤ Proposed Personnel Issues:

- 3% average pay for performance for non-civil service (0 – 5% range) = \$405,000
- Pay Plan Adjustments = \$100,000
- Grant Match for Environmental Enforcement Officer = \$13,690
- Fire Meet and Confer Contingency = \$583,060
- Police Meet and Confer Contingency = \$617,430
- Police Academy – May 2007 = \$290,920

➤ Proposed Staff Changes:

- Certified Public Accountant (CPA) for Finance = \$55,000
- Office Manager for Legal = \$40,390
- City Marshal for Municipal Court = \$42,990
- Two (2) Criminal Investigation Detectives = \$106,170
- Upgrade Patrol Position to Sergeant Position = \$15,450

➤ Proposed Programs / Initiatives:

- Advertising and Promotions for the Airport = \$25,000
- Air Service Study for the Airport = \$22,000
- Safety Leadership School for Supervisors = \$14,700
- The method for distribution of the Hotel Occupancy Tax will change. Actual collections will be distributed. The estimated tax for FY07 is \$2,040,000 and will be distributed as follows:
 - ✓ Abilene Convention and Visitors Bureau (ACVB) will receive 50% of actual hotel occupancy tax receipts = \$1,020,000 (estimated)
 - ✓ Cultural Affairs Council (CAC) will receive 15% of actual receipts = \$306,000 (estimated)

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- ✓ Civic Center will receive 35% of actual receipts = \$714,000 (estimated)

Mr. Gilley reviewed a 10 Year Comparison for the General Fund Revenue and Property, Sales, and Franchise Taxes, and the General Fund Expenditures by Category and Department for FY 2006-2007.

Mr. Gilley also reviewed the Water Fund Revenue and Expenditures by Category for FY 2006-2007 and noted the proposed Water & Sewer fee increases would be discussed later during the budget work sessions.

Mr. Gilley then addressed the following major 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 concluded his presentation, stating that as required by City Charter he as City Manager is presenting for Council consideration the FY07 Proposed Budget.

Mayor Archibald noted the tremendous amount of time and energy that goes into preparing and reviewing the City's budget(s). The Mayor stated for the past three years (FY03-04 to FY05-06) the tax rate has remained constant, he then addressed the five driving cost factors that have resulted in the potential increases to the budget as follows:

- 1) Fuel
- 2) Electricity
- 3) Meet & Confer Process
- 4) Public Safety Communications Program
- 5) Bonds

The Mayor stated the budget process includes decisions that were made months ago by the Council (i.e., Public Safety Communications and the Meet & Confer process), and by the citizens that voted in favor of the bonds. The Mayor further stated the extremely expensive cost of electricity has also impacted the proposed budget. Although pleased that the tax rate has been constant for three years, Mayor Archibald also noted the unavoidable impact the sale of the Certificates of Obligation and Bonds has on the tax rate. The Mayor addressed the positive aspects of: 1) increased sales taxes; 2) construction adding to accessed value in the community, and; 3) the increase in the number of airline boardings.

Council and staff discussion included: 1) in previous years the unexpected additional revenue having been spent and the need to re-build the Fund Balance; 2) staff noting the significant number of unfunded requests that have been funded in the revised budget; 3) the importance of funding unfunded needs and maintaining an adequate Fund Balance; 4) reducing or not raising taxes, if and when possible; 5) the unreliability of sales tax revenue

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in the future, and; 6) staff noting that they continually monitor and prioritize unfunded needs.

Council recessed for a break at 9:55 a.m. and reconvened at 10:15 a.m.

Mayor Archibald referenced the Certificates of Obligation Projects handout Council had received and stated discussion concerning the CO projects would be held first. Council would then discuss the City as a Service Organization with 73% of the General Fund expenditures being allocated for personnel and although positions have been added there have also been decreases.

David Wright, Director of Finance briefed the Council on the history of the Certificates of Obligation program that started in the 1980's.

Council and staff discussion included: 1) the tax limit for the CO program having been determined by growth and values, and; 2) staff noting, based on what can be accomplished within the CO program, the current tax rate is still appropriate.

Mr. Gilley stated there are currently 1,141 Full Time Employees and referenced the four (4) Task Forces that were charged with organizational review as follows:

- Structure
- Rightsizing
- Managed Competition
- Revenues

Council and staff discussion included: 1) the net reduction of employee positions resulting from the organizational review; 2) justification for reduction in positions and program reclassification of positions; 3) increase in use of recreation centers by a growing senior population; 4) potential for future north side library and north side recreation center; 5) impact to tax roll and budget that Meet and Confer process and pay for performance may have; 6) staff reiterated the need for a sufficient revenue stream to address the recurring and increasing cost of personnel and the potential changes in sales tax; 7) actions taken when it was known revenue would not be realized (i.e. capital purchases deferred/positions frozen); 8) at conclusion of Meet and Confer process EMS certification will be reviewed; 9) makeup and focus of four organizational review task forces may be changed and although not currently meeting they have not been disbanded; 10) the solid waste program continues to be evaluated; 11) Council requested a committee on specific technology advances be considered for city services to be made more self sufficient for citizens, freeing up employees to focus on other issues; 12) staff briefed Council on Police Academy current activities and needs; 13) police dept. new communication center and need for additional employees, overstaffing concept, "anticipated" seized funds are not included in the budget; 14) if voters approved a senior tax freeze (could be considered at a November election and effects would be seen in Oct.'07) the impact to the city budget would be approximately \$371,000 loss in revenue (\$332,000 over five years, could increase and would be ongoing) and would require one cent on the tax roll to recover loss; 15) most cities have approved the

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tax freeze; 16) staff is compiling information on the expected tax burden for the disabled and the over 65 exemption; 17) if 20 year retirement is implemented (is being discussed in Meet and Confer process) it would be across the board for all employees; 18) pro's and con's to 20 year retirement versus 25 year and the significant difference in retirement benefits for 30 years employment versus 20 years, and; 19) the advantages to retaining employees past the 20 year retirement period.

Council and staff also discussed the \$51,250 that has been included in the 2006-07 budget for the Crime Victim Crisis Center's (Abilene/Taylor County Child Advocacy Center) and the Center's "additional" funding request of \$28,750, which includes a full time counselor (\$18,120), funding to address the increase in demand for their services (\$8,740), and funding for computer equipment, etc. for the counselor at ATCCAC (\$1,898). Council noted the benefits to the community (specifically in meeting the needs of children) in approving a full time counselor for the Child Advocacy Center but also stated the city needs to support that endeavor only on a one time basis and that it is not to be viewed as an entitlement. Council questioned the request for the \$8,740 stating it was unclear as to its purpose. Council consensus was that the Center needs to educate the community on their services and to take full advantage of their abilities to raise funds by seeking financial support from the community to support those services. Council recognized the benefit to victims and police officers in having the counselor located at the law enforcement center. Staff noted the benefit of currently having a police officer serving on the Center's Board. Council consensus was to consider the one time additional funding of \$18,120 for the full time counselor and the \$1,898 for computer equipment for the counselor but to not consider the \$8,740. Staff noted the additional funding for the counselor and computer equipment could be considered under the Revised Budget.

Mayor Archibald stated items to be covered at tomorrow's meeting, Wednesday, July 26th would consist of discussion of other funds not covered in the General Fund, as well as, the Water/Sewer Fund and to also consider rate increases for the Water Fund. The Mayor reiterated Council's comments noting the positive condition of the community and stating that the proposed budget was well thought out and addresses the needs of the citizens.

Councilman Chase requested Council think about the following unfunded items for possible discussion at tomorrow's meeting:

- Planning and Development/Community Enhancement Code Compliance Environmental Crime wireless computer access- \$4,800
- Fire Prevention/Public Education Exhibit Display - \$5,000
- Aviation/Airport Improvements Advertising/Promotional Program - \$41,980
- Community Services/Parks (Carver Park Picnic Shelter) - \$30,000
- Library extended hours for main and south branches - \$72,000

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Mayor Archibald stated the Budget Workshop will resume tomorrow, Wednesday, July 26th at 8:30 a.m.

There being no further business, the meeting was adjourned at 12:05 p.m.

Jo Moore
City Secretary

Norm Archibald
Mayor