

**SPECIAL MEETING
BUDGET WORKSESSION
JULY 18, 2007, 1:30 p.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 1:30 p.m. on July 18, 2007 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 David Vela and Director of Finance David M. Wright, Assistant Finance Director Mindy Whisenhunt, City Attorney Dan Santee, 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 to the Flags of the United States of America and the State of Texas.

Mayor Archibald reviewed the expected schedule for the budget work sessions. The Mayor noted a budget work session is scheduled for tomorrow, Thursday, July 19, 2007, at 8:30 a.m., and if needed July 20, 2007 at 8:30 a.m. The goals of the budget deliberations are to: 1) approve the Revised 2006-2007 Budget; 2) approve the Proposed 2007-2008 Budget; and 3) set the Tax Levy. 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.

Mr. Gilley then reviewed charts, reflecting the percentage break down by departments, of the proposed Budget Expenditures/Revenues for Fiscal Year 2007-08 and General Fund information as follows:

Proposed Budget Revenues FY 2007-2008

- General Fund – 41.4%
- Internal Service Funds 10.5%
- Water & Sewer 17.6%
- Federal/State Assistance 7.4%
- Solid Waste Services 7.1%
- Economic Development 5.9%
- Debt Service 5.5%
- Transit 2.0%
- Hotel/Motel 1.3%

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- Stormwater Utility 1.1%

Proposed Budget Expenditures FY 2007-2008

- General Fund 43.7%
- Water & Sewer 18.6%
- Internal Service Funds 11.1%
- Federal/State Assistance 7.5%
- Solid Waste Services 7.0%
- Debt Service 5.8%
- Transit 2.4%
- Economic Development 1.4%
- Hotel/Motel 1.4%
- Stormwater Utility 1.0%

GENERAL FUND

FY 07 Approved to Revised

Revised Revenues - \$2,230,870

- Sales Tax = \$502,500
- Franchise Fees = \$402,720
- Licenses and Permits = \$103,570
- Municipal Court Fines = \$270,000
- Interest Earnings = \$449,970
- Recoveries – Street Charges to Water = \$190,000
- Prior Years (Tax Credits – Warehouse) = \$200,000
- Miscellaneous Adjustments = \$112,110

The FY 07 revised budget proposes a General Fund increase of \$2,251,590 (3.5% over FY 07 approved)

General Fund Revenue by Category

FY 2007-2008

- ✓ Property Taxes 31.3%
- ✓ Sales & Use Taxes 38.2%
- ✓ Franchise/Access Fees 9.0%
- ✓ Recoveries 7.2%
- ✓ All Other Resources 3.7%
- ✓ Fines 3.1%
- ✓ Misc. Taxes 3.1%
- ✓ Operating Transfers In 1.6%
- ✓ Aviation 1.4%
- ✓ Public Safety 1.2%
- ✓ Selective Use Tax 0.3%

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FY 08 Over FY 07 Revised

Proposed Revenues - \$1,586,420

- ❖ Property Taxes = \$1,565,000
- ❖ Sales Tax = \$988,970
- ❖ Municipal Court Fines = #310,110
- ❖ Franchise Fees and Water PILOT = (\$113,300)
- ❖ Licenses, Permits & Charges for Services = (\$27,210)
- ❖ Prior Years (Tax Credits) = (\$200,000)
- ❖ Sales and Damage Claims = (\$102,410)
- ❖ Recoveries – Street Charges to Water = (\$390,000)
- ❖ Transfer from Solid Waste = (\$250,000)
- ❖ Miscellaneous Adjustments = (\$194,740)

General Fund Expenditures by Category

FY 2007-2008

- ❖ Personnel Services 73.9%
- ❖ Other Services & Chg. 20.3%
- ❖ Supplies 2.7%
- ❖ Maintenance 2.3%
- ❖ Capital 0.7%

General Fund Expenditures by Department

FY 2007-2008

- ✚ Police 27.8%
- ✚ Fire 20.4%
- ✚ Community Services 14.0%
- ✚ Public Works 11.9%
- ✚ Non-Departmental 6.9%
- ✚ Finance 5.4%
- ✚ Planning & Development Services 4.5%
- ✚ Administrative Services 3.6%
- ✚ General Government 3.1%
- ✚ Aviation 2.4%

The FY08 budget proposes a General Fund increase of \$3,602,450 (including transfers)

(5.40% over FY07 revised)

(2.4% over FY07 without 27th pay period)

The expenditure changes are associated with the following:

Proposed Personnel Issues

- 27th Pay Period = \$1,995,500
- 3% Average Pay-For-Performance for Non-Civil Service (O-5% Range) = \$447,000
- Pay Plan Adjustments = \$800,000
- Police and Fire Meet and Confer – 3% Increase Effective October 2, 2007 = \$625,190
- Police and Fire Meet and Confer – Annualized 2% April 2007 = \$408,290

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- Fire Department Reorganization = \$44,380
- Fire Retirement Contribution – 1% Increase Effective October 1, 2007 = \$101,830
- Fire Department EMT-Paramedic Incentive Pay = \$34,060
- Decrease Non-Civil Service Termination Pay = (\$302,340)
- Decrease in Police and Fire Termination Pay = (\$300,340)
- Decrease in Police and Fire Overtime = (\$415,960)

Proposed Staffing Changes

- Additions/Upgrades
 - Municipal Court Judge (Offset by Revenue)= \$110,420
 - Zoning Inspector = \$62,450
 - 2 School Resource Officers (Offset by \$58,980 from the School District) = \$117,960
 - Part-Time Building Maintenance Worker for Zoo = \$14,800
 - Reclassify Building Inspection's Executive Secretary to Development Permit Technician = \$2,790
 - Webmaster/Videographer = \$38,150

Proposed Budget Programs/Initiatives

- Northeast Development Zone Repayment = \$160,000
- CodeRED = \$37,500
- Utilities Increase = \$336,570
- Capital Purchased Revised 2007 = (\$418,870)
- Miscellaneous Adjustments = (\$296,930)

WATER UTILITY

Water Fund Revenue by Category

FY 2007-2008

- Water Charges 69.8%
- Sewer Charges 25.8%
- All Other 4.4%

\$28,610,600

Water Fund Expenditures by Category

FY 2007-2008

- Other Service and Charges 58.3%
- Personnel 24.8%
- Maintenance 6.7%
- Supplies 6.3%
- Capital 3.8%

MAJOR ISSUES

Additional Issues & Initiatives

- 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 FY08 Proposed Budget.

Mr. Gilley and Council reviewed and discussed the Compensation and Benefits issues. It was noted for FY 08, the City will experience a 27th pay period and has been setting aside in the fund balance the amount to cover this for the last eleven years. This amounts to \$1,995,500 that is being brought forward from fund balance to fund the additional pay period. Council and staff discussed the fact that the survey results of Abilene's ten peer cities indicate Civil Service pay is about 9% below the ten city pay plan average. Non-Civil Service salary survey results indicate pay ranges 15 (the lowest range in the pay plan) through 44 are 17% below the ten city pay plan average and ranges 45 through 59 are about 8% below the average. The impact of these pay plan issues in both recruiting and retention of employees are now being seen. Mr. Gilley noted in an effort to address the pay plan issues for Non-Civil Service employees the proposed budget includes a market adjustment of 3% across the board for all employees in ranges 15 through 59 as well as an adjustment to the pay plan by raising minimum salaries of each range by 10%. This results in \$800,000 to the general fund and \$483,000 to other funds, inclusive of related FICA and TMRS expenses. The market and pay plan adjustments do not affect management team positions (program managers and above). This is in addition to continuing the pay for performance program at a 0-5% range. Effective October 1, 2006, Civil Service compensation began to be governed by the Meet and Confer agreement. Pursuant to Meet and Confer, Civil Service employees will receive a 3% increase effective October 2, 2007. This will result in an overall 9% increase for Civil Service employees over the two year term of the Meet and Confer agreement. In addition, a 1% increase in the City contribution to the fire pension fund will be effective October 1, 2007. The next opportunity for working on Civil Service pay plan strategies will be when the City begins negotiating the Meet and Confer agreement for fiscal year 2009.

Police Chief Melvin Martin briefed the Council on the Police Academy that is in the proposed FY 08 budget and would begin in August 2007. The projected cost of \$909,820 would allow for eighteen (18) cadets to participate in the academy. Chief Martin stated over the next five (5) to eight (8) years an academy is expected each year. Chief Martin and the Council discussed various issues including: overtime; different types of academies; recruiting/retaining; salaries, and; the proposed additional School Resource Officers and those cost being shared equally with AISD and WISD.

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Council and staff discussed the difference between the Zoning Officers and the Code Enforcement Officers and the intent being to have them work together in terms of enforcement. Staff noted the Zoning Enforcement Officers responsibilities differ from the Code Enforcement Officers due to the specialized nature of the zoning laws.

Council recessed for a break at 3:10 p.m. and reconvened at 3:25 p.m.

Mayor Archibald requested Council be prepared at the end of today's session to state what topics they want to begin considering at tomorrow's session.

Council and staff discussion continued and included: 1) the status of the Fund Balance, including the impact of the 27th pay period; 2) the cost of the financial accounting and payroll software system and when it will be needed; 3) the goal for the Fund Balance being 3 months of reserve and currently there is 2 months reserve; 4) the purpose for, and long term goal of transferring Solid Waste funds to the General Fund; 5) the impact/effect of implementing the recommendation for raising the pay plan by 10%; 6) staff clarified the pay range classifications and structure; 7) staff clarified for City operations and maintenance there is no property tax rate increase in the proposed budget; 8) citizens understanding the bond projects (bonded indebtedness); 9) not having a tax rate increase and putting funds back in the Fund Balance and options to achieve that; 10) increases in fuel and utility cost; 11) the impact of having to transfer funds from the general fund to the self insurance fund; 12) the City's health plan being analyzed and benefits consultants expected to bring report in August; 13) the City's employee health clinic appears to be breaking even; 14) interpretation of pay plan adjustment concerns; 15) basis for staff's proposed second Municipal Court Judge, and; 16) status of Community Service Program being unclear.

Mayor Archibald requested the following topics be discussed at tomorrow's budget work session: 1) the CDBG and the not for profit organizations supported by CDBG; 2) CityLink; 3) the status of the 15% given to the Cultural Affairs; 4) the impact of the over 65 and the disabled tax freeze to the current and future budgets.

Councilman Williams requested that Municipal Court Judge Keith Barton meet with Council during tomorrow's budget session and provide input on the proposed second Municipal Court Judge.

Councilman Chase stated he likes the budget and believes Council can justify it but he does not want to raise taxes by two and one half cents, even if it is only \$952,000, and he believes there are projections in the budget that can be looked at. Councilman Chase requested that Mr. Gilley determine a way to accomplish all that Council wants to accomplish without spending the \$952,000 and without raising taxes by two and one half cents. Councilman Chase expressed confidence in the fact that that can be done and confidence in Mr. Gilley and his staff to determine how it can be done.

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Mayor Archibald stated the Budget Workshop will resume tomorrow, Thursday, July 19th at 8:30 a.m.

There being no further business, the meeting was adjourned at 5:05 p.m.

Jo Moore
City Secretary

Norm Archibald
Mayor