

**SPECIAL MEETING
BUDGET WORKSESSION
JULY 23, 2008, 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 23, 2008 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, Robert O. Briley and Councilwoman Laura Moore. Also present were City Manager Larry D. Gilley, Interim Director of Finance Mindy Patterson, City Attorney Dan Santee, City Secretary Danette Dunlap, and various other members of staff.

Mayor Archibald called the meeting to order.

Councilman Williams gave the invocation.

Mayor Archibald led the Pledge of Allegiance to the Flags of the United States of America and the State of Texas.

The Mayor reviewed the expected schedule for today's budget work session and then noted today's session will begin with discussion from the requested information from yesterday's workshop.

City Manager Larry Gilley reviewed the information that council had requested. Council received handouts in regards to the following: 1) the Pay Plan and the minimum wage amounts and how the city compares; 2) Personnel costs of the 10 sister cities; 3) the cost for the Library opening on Sunday for the branches vs. the main branch. Cost would be \$23,602.50 at each location; and 4) Fleet replacement program – 2009 will be the last year for the Fleet Lease Payment. 2010 forward the city will be on a cash basis for fleet replacement.

City Manager Larry Gilley reviewed the City's Bond ratings. The General Fund - Fund Balance should have 3 months of operating. The Utility Fund is not where it should be for Fund Balance ideal would be 3 months of operating also. Standard and Poor's raised the Bond rating for the City this year and the rating companies look to see if the governing body is prepared to make the hard decisions to pay the debt. Some of the elements of the process include reviewing the Enterprise fund to see if it is self sustaining, and look at the financial integrity of the City. Caution shifting money, it is a one time fix, and then the city is faced with doing the same or more the next time. It has a long term implication. Staff's recommendation is to increase the tax rate to pay the debt.

Council and Staff discussion included: 1) Establish goals and determine council philosophy on each of the Fund Balances for the small funds; 2) look at a trend – a trend

over time could negatively affect bond rating. How the City is managing their funds; 3) tax values have increased over last year; 4) sales tax has increased over last year but not as much as was anticipated; 5) Senior Tax Freeze voted in last year effected the tax values from around \$280,000 to \$300,000; 6) the increase on the debt service would be \$15.00 a year on an \$81,000 valued home; and 7) Managers and above with a zero salary increase.

City Council took a break and Mayor Archibald reconvened the meeting.

City Council and Staff continued the discussion: 1) Meet & Confer with Police and Fire is a 2 year plan. These recommendations come after several months of meetings. To change the options now would result in the process reopening; 2) Central Warehouse Fund – target for the fund balance is none. Goal of 3 months General Fund - Fund Balance; 3) Health Insurance – City and Employee rates are staying the same; 4) discussion on the time line for the budget process. If council passes on the first reading there will be time for adjustments to the proposed budget before final passage on September 11, 2008; 5) council would like to have information on the fund balances with target balances on each fund. Would like to use fund balance in lieu of tax rate increase; 6) include the potential to add back the raises for management; and 7) set the Workshop in August to be on August 5th for budget discussions.

Councilwoman Moore made a motion to approve on first reading of the Ordinance Approving the Revised 2007-2008 Budget and Proposed 2008-2009 Budget and the Ordinance setting the Tax Levy at .6854 per \$100 valuation, as recommended by staff. Councilman Williams seconded the motion.

AYES: Councilmen Williams, Briley and Higgins, Councilwoman Moore, and Mayor Archibald.

NAYS: Councilmen Chase and Spano

AN ORDINANCE APPROVING REVISED BUDGET FIGURES FOR FISCAL YEAR 2007-2008; APPROVING AND ADOPTING BUDGET FOR THE FISCAL YEAR OCTOBER 1, 2008, THROUGH SEPTEMBER 30, 2009, FOR THE CITY OF ABILENE; APPROPRIATING FUNDS; REPEALING ALL ORDINANCES AND PARTS OF ORDINANCES IN CONFLICT HERewith; CALLING A PUBLIC HEARING.

AN ORDINANCE OF THE CITY OF ABILENE, TEXAS, APPROVING THE ASSESSMENT ROLL FOR 2008, LEVYING AN AD VALOREM TAX FOR THE CITY OF ABILENE, TEXAS, FOR THE YEAR 2008; PROVIDING FOR THE ASSESSMENT AND COLLECTION THEREOF; REPEALING ALL ORDINANCES AND PARTS OF ORDINANCES IN CONFLICT HERewith; CALLING A PUBLIC HEARING; PROVIDING AN EFFECTIVE DATE.

Mayor Archibald stated the second reading, public hearing, and vote on the budget and proposed tax levy ordinances will be on the Council's September 11, 2008 agenda.

There being no further business, the meeting was adjourned at 11:04 a.m.

Danette Dunlap
City Secretary

Norm Archibald
Mayor