

**SPECIAL MEETING
BUDGET WORKSESSION
AUGUST 5, 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 August 5, 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 Higgins gave the invocation.

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

4. The first item on the agenda is a Resolution & Public Hearing for Approval of the FY 2008/09 One-Year Action Plan for the CDBG and HOME Programs. Jon James Director of Planning and Development briefed the council on the Programs.

As an entitlement city receiving funds from the U.S. Department of Housing and Urban Development (HUD), the City of Abilene is required to submit a One-Year Action Plan outlining specific uses of Community Development Block Grant (CDBG) and Home Investment Partnerships Program (HOME) funds planned for the coming fiscal year. One-Year Action Plan must be submitted to HUD by August 13, 2007.

A public hearing was held in March of 2008 at City Hall to discuss/determine services, needs and gaps in the following areas of concentration which included housing, homelessness/special needs, economic development, and community development/neighborhood development. At this session, representatives of nonprofit agencies and members of the general public made various comments on community development needs that they hoped could be addressed with CDBG/HOME funds or alternative funds. A summary of the One-Year Action Plan outlining the proposed FY 2008/2009 budget was published in the Abilene Reporter-News on June 30, 2008 (which began the HUD-required 30-day comment period). No comments have been received.

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)

Sources of Funds

2008 Entitlement

\$1,078,264

| | |
|-------------------------------|--------------------|
| 2008 Projected Program Income | 10,000 |
| Prior Year Reprogrammed Funds | <u>32,603</u> |
| Total Funds Available | \$1,120,867 |

Public Service Cap

| | |
|----------------------------------|------------------|
| 2007 Entitlement | \$1,078,264 |
| Prior Year Program Income (2006) | <u>6,225</u> |
| Total | \$1,084,489 |
| % for public service activities | <u>x 15%</u> |
| Public Service cap | \$162,673 |

Proposed Uses of Funds

Public Service Activities

| | |
|-----------------------------------------------|-----------------|
| Access to Jobs Program | \$15,500 |
| Medical/Dental Program | <u>15,500</u> |
| Subtotal for Public Service Activities | \$31,000 |

Non-Public Service Activities

| | |
|---------------------------------------------------|---------------------|
| CDBG Housing Administration | \$120,000 |
| CDBG Planning & Development Services Admin | 175,000 |
| Critical /Limited Rehabilitation Program | 120,000 |
| Section 108 Debt Repayment | 612,380 |
| Abilene Volunteer Weatherization | 4,000 |
| Adult Protective Services Partners | 10,000 |
| Christian Community Development Corp. | 28,480 |
| Connecting Caring Communities | <u>20,000</u> |
| Subtotal for Non-Public Service Activities | \$ 1,089,860 |

| | |
|--------------------------------|--------------------|
| Total Use of CDBG Funds | \$1,120,860 |
|--------------------------------|--------------------|

HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)

Sources of Funds

| | |
|-------------------------------|------------------|
| 2008 Entitlement | \$556,339 |
| 2008 Potential Program Income | 8,360 |
| Prior Year Reprogrammed Funds | <u>125,227</u> |
| Total Funds Available | \$689,926 |

Proposed Uses of Funds

| | |
|------------------------------|----------|
| General Administration | \$14,050 |
| Housing Rehab Administration | 42,420 |
| Single Family Rehabilitation | 500,000 |
| First-Time Homebuyer | 10,000 |
| CHDO | 83,450 |

Tenant-Based Rental Assistance
Total Use of HOME Funds

40,000
\$689,920

Mayor Archibald opened a public hearing on the item and the council heard from the following:

- Genny Goode – Adult Protective Services Partners, Inc. – Ms. Good gave an overview of how the money that they receive is used. Monies are used for home repairs and emergencies for the average recipient is 66 years of age and are at the extreme low poverty level.
- Chris Proctor-Cleveland – Executive Director of Habitat for Humanity-Abilene, Inc. – Ms. Cleveland gave an overview of homes built and families helped by the monies received by Habitat for Humanity.
- Brad Carter – Connecting Caring Communities Park – Thanked the council for their continue support through these funds.
- Nancy Capra – Christian Community Development Corp. - Thanked the council for their continued support and thanked the great leadership of the city staff.

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

Councilwoman Moore made the motion to approve the Resolution approving the FY08/09 One-Year Action Plan for CDBG & Home Programs. Councilman Higgins seconded the motion and the motion carried.

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

NAYS: None

A Resolution numbered [#28-2008](#) and captioned as follows:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ABILENE, TEXAS,
APPROVING THE FY 2008-2009 ACTION PLAN FOR THE 2005-2009
CONSOLIDATED PLAN AND PROJECTED USE OF COMMUNITY DEVELOPMENT
BLOCK GRANT AND HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME)
FUNDS

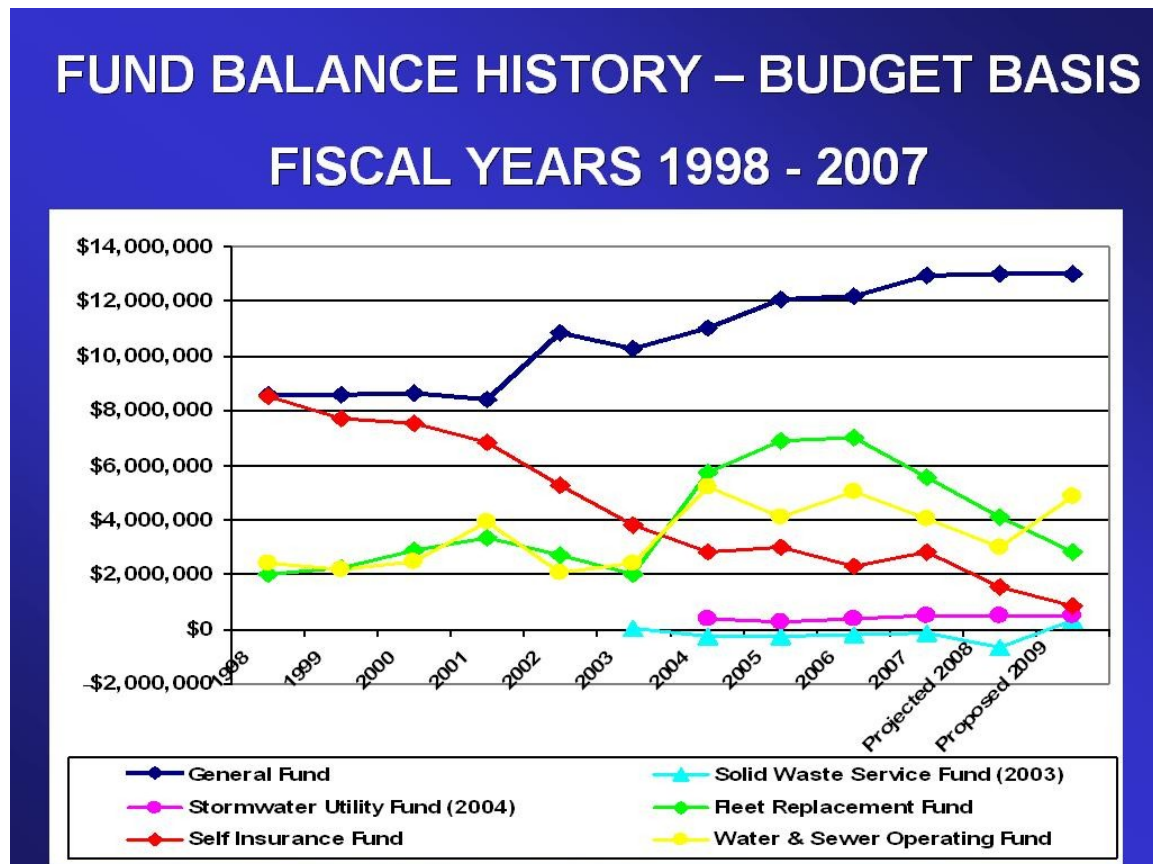
5. City Manager Larry Gilley briefed the council on the Revised FY2008 and the Proposed FY 2009 Budgets.

Mindy Patterson, Interim Director of Finance presented the City Council with the review of the Financial Policies of the City and the various Fund Balances, how these fund balances were calculated and a history from 1988 forward.

FINANCIAL POLICIES

The City Council adopted the following Financial Policy on May 23, 1984, and amended the policy on February 9, 1995. The City of Abilene adheres to the Financial Policy for conducting the financial management of the City. The established long-range policies regarding financial management are to exercise a discipline which allows the City to retain a sound financial condition; strive to retain the best possible rating on bonds; provide future generations with the ability to borrow capital for construction of facilities without severe financial burden; and, give recognition to the community's needs and ability to pay.

“Moody’s believes that operating reserves (or fund balance) is not only a prudent fiscal management tool, but also an important credit factor in the analysis of financial flexibility.”



GENERAL FUND

- Fiscal Policies

Achieving and maintaining a fund balance equivalent to three (3) months' operating costs of the general operating budget, at 95% liquidity, which should be sufficient to provide financing for necessary projects and meet unanticipated contingencies such as lawsuits, tax roll tie-ups, and other fiscal emergencies.

Proposed Budget FY 2009 Fund Balance
\$12,972,210 or 2.2 months

Recommended FY 2009 Fund Balance
\$17,340,212 or 3.0 months

-\$4,368,002

DEBT SERVICE FUNDS

Proposed Budget FY 2009 Fund Balance
\$251,136

Recommended FY 2009 Fund Balance
\$273,480

(1 year paying agent and tax appraisal / collection fees)

-\$22,344

WATER & SEWER FUND

Proposed Budget FY 2009 Fund Balance
\$4,855,000 or 2.1 months

Recommended FY 2009 Fund Balance
\$6,906,520 or 3.0 months

-\$2,051,520

CENTRAL WAREHOUSE FUND

Proposed Budget FY 2009 Fund Balance
\$747,305

Recommended FY 2009 Fund Balance
\$747,305

(This fund is 95% Water funded and any excess would be required by City Charter to be sent back to the Water Fund)

TRANSIT FUND

Proposed Budget FY 2009 Fund Balance
\$865

Recommended FY 2009 Fund Balance
\$360,040
(10% operating costs)

-\$359,175

SOLID WASTE FUND

Proposed Budget FY 2009 Fund Balance

\$338,603 or .39 months

Recommended FY 2009 Fund Balance

\$2,908,045

(3 month operating + 1 year barrels & other containers expenditures)

-\$2,569,442

STORMWATER UTILITY FUND

Proposed Budget FY 2009 Fund Balance

\$511,354

Recommended FY 2009 Fund Balance

\$560,860

(3 month operating + \$100,000 project reserve added annually)

-\$49,506

FLEET MAINTENANCE FUND

Proposed Budget FY 2009 Fund Balance

\$14,688

Recommended FY 2009 Fund Balance

\$239,180

(10% operating expenditures excluding fuel and maintenance costs)

-\$224,492

FLEET REPLACEMENT FUND

- Fiscal Policies
Funding the Fleet Replacement Fund at the required level

General Fund – proposed FY 09 \$1,092,270

100% replacement FY 09 \$1,254,764

shortage -\$162,494 or 14.8%

All other funds are paying in at the required amounts.

Proposed Budget FY 2009 Fund Balance

\$2,825,976

Recommended FY 2009 Fund Balance

\$4,000,000

(1 year purchases rounded 3 year average)

-\$1,174,024

FACILITIES AND INFRASTRUCTURE MAINTENANCE FUND

Proposed Budget FY 2009 Fund Balance
\$9,986

Recommended FY 2009 Fund Balance
\$100,000

(per Financial Policy ~ dedicating a minimum of either 1/2¢ ad valorem tax or \$100,000 per year)

-\$90,014

SELF INSURANCE FUND

Proposed Budget FY 2009 Fund Balance
\$846,344

Recommended FY 2009 Fund Balance
\$8,000,000

(1 year of claims + future liability reserves)

-\$7,153,656

ALL OTHER FUNDS

Community Development Block Grant (CDBG)
Home Investment Partnership Program (HOME)
Health Services Fund
Transportation Planning Fund
Seized Funds
Hotel/Motel Fund
Technology Fund
Development Corporation of Abilene (DCOA)

The above funds are either grant funded with stipulations or dedicated for other services.

Council and Staff discussion included: 1) Fund Balances for the future of the city; 2) senior tax freeze and the impact that has made and will continue to make on the city's budget; 3) voter approved bonds in 2006 for city improvements and the knowledge that the sale of the bonds will have an impact on the Debt Service tax rate; 4) how were the targets picked for each fund balance. Policy has been pre established with some of the funds. What are the funds trying to achieve? Enterprise funds to be self sustaining. Changes in market; and 5) long term trends reviewed by Bond Companies.

Mayor Archibald announced that the council would take a break and when they come back in Mayor Pro-tem Chase would reconvene the meeting. Mayor Archibald had to attend a press conference with Hendrick Medical Center.

Mayor Chase reconvened the city council meeting after the short break.

City Council and Staff continued the discussion: 1) citizens have voted for the bond issues and the senior tax freeze. The average increase in taxes would be approximately \$15.00 on the average home value for a year; 2) being fiscal responsible and to reinvest in our people; 3) prudent planning and thinking ahead; 4) Self Insurance Fund is in a positive trend currently; 5) City Managers suggestion (not recommendation) to fix the difference and keep from raising the tax rate 1.76cents would be to use the General Fund - Fund Balance; and if the 2% salary raises for managers was added back in it would be paid for the same way through Fund Balance; 6) Senior Tax Freeze – actual tax loss for the last two years was \$453,000 and the projected average of around \$200,000 each the next three years; 7) what impact would going from two times a week pickup to one time a week pickup on Solid Waste Fund. The possibility of 1 day recycles pickup. Start up costs for the recycle portion would be around Two million. There would be some revenue from the recycle program.

Mayor Archibald came in prior to the meeting adjourning. 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 10:44 a.m.

Danette Dunlap
City Secretary

Norm Archibald
Mayor