

**SPECIAL MEETING
BUDGET WORKSESSION
JULY 21, 2009, 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 21, 2009 in the City Council Chambers of City Hall. Mayor Norm Archibald was present and presiding with Councilmen Shane Price, Joe Spano, Anthony Williams, Stormy Higgins, Robert O. Briley and Councilwoman Laura Moore. Also present were City Manager Larry D. Gilley, Director of Finance Mindy Patterson, City Attorney Dan Santee, City Secretary Danette Dunlap, and various other members of staff.

Mayor Archibald gave the invocation and Councilman Briley 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, Wednesday, July 22, 2009, at 8:30 a.m., and if needed July 23, 2009 at 1:30 a.m. The goals of the budget deliberations are to: 1) approve the Revised 2008-2009 Budget; 2) approve the Proposed 2009-2010 Budget; and 3) set the Tax Levy. The Mayor then asked Mr. Gilley to present the budget information.

Mr. Gilley gave a brief overview of where and how the Revised Budget and the Proposed budget have come from. The challenges that the City is facing and the impact the economy is having on the City. Staff has stepped up to the challenge that has been presented to them to bring the budget into balance. Council then reviewed charts, reflecting the percentage break down by departments, the proposed Budget Expenditures/Revenues for Fiscal Year 2008-09 and General Fund information.

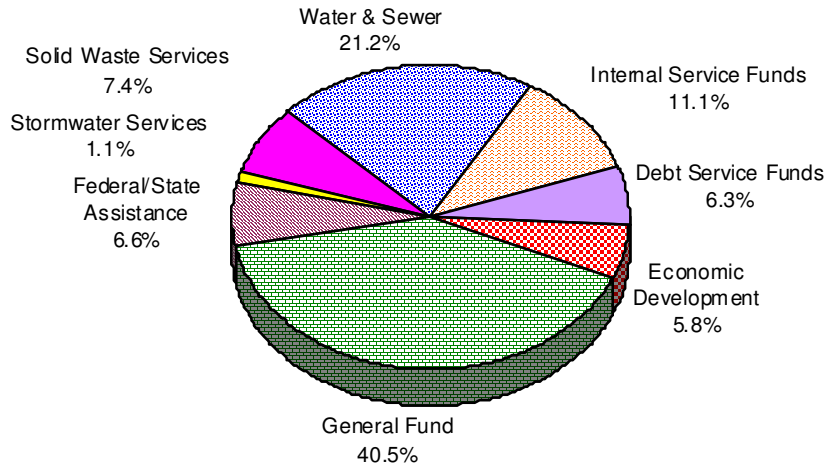
Mr. Gilley concluded his presentation, stating that as required by City Charter he as City Manager is presenting for Council consideration the FY10 Proposed Budget.

Mr. Gilley then presented the Revised 09 Budget with a review of the following: 1) Sales tax revised for FY 09 to 1.5% down from 3%; 2) Interest is down to historically lows, City is invested in safe investments; 3) Rent & royalties are up due to rental charge of Cypress Building to the Water Department; 4) Municipal court is down - more people are sitting out their time in jail vs. paying fines; 5) General Fund Balance short of the 3mths fund balance.

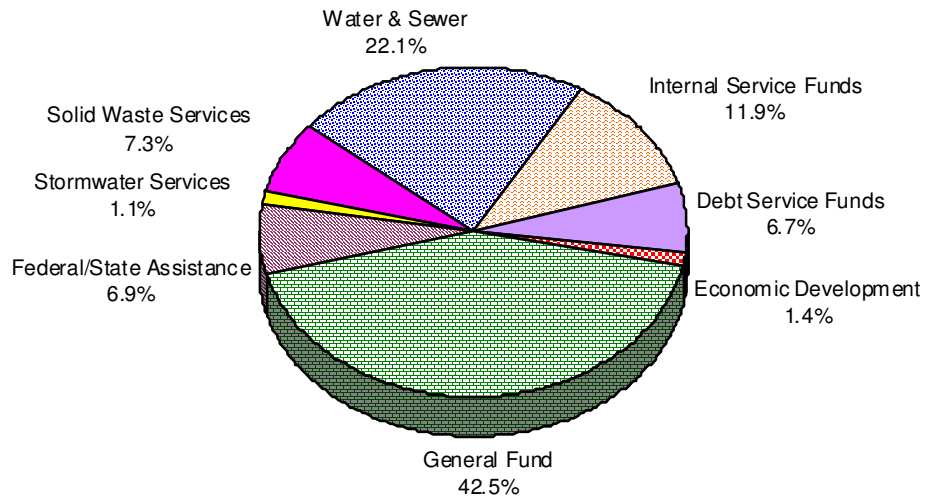
Mr. Gilley then presented the Proposed FY 10 Budget: 1) experiencing a very slight increase in property values; 2) sales tax calculated at 2% increase over last year; 3) Franchise fees are down due to lower gas rates; 4) there is an increase in cemetery fees; 5) Pay plan includes the adjustment for the increase in minimum wage; 6) decrease in Police and Fire over time due to being fully staffed; 7) the addition of Fire Paramedic Training; 8) proposed fee changes in both Water and Sewer; 9) facilities improvements still needed, buildings are aging and in need of some improvements; 10) the Tech fund – we are keeping up pretty good with technology but at a maintenance level and not on expansion or upgrade; 11) TMRS Cost of living - the city opted out of the COLA for city's retirees

last year and it is noted that TMRS didn't pay out any COLA's this last year due to no new increase in the CPI.

PROPOSED BUDGET REVENUES
FY 2009-2010



PROPOSED BUDGET EXPENDITURES
FY 2009-2010



GENERAL FUND

The FY09 revised revenue budget proposes a General Fund increase of **\$533,860**

(.77% over FY09 approved)

FY 09 Approved to Revised Revenues - \$533,860

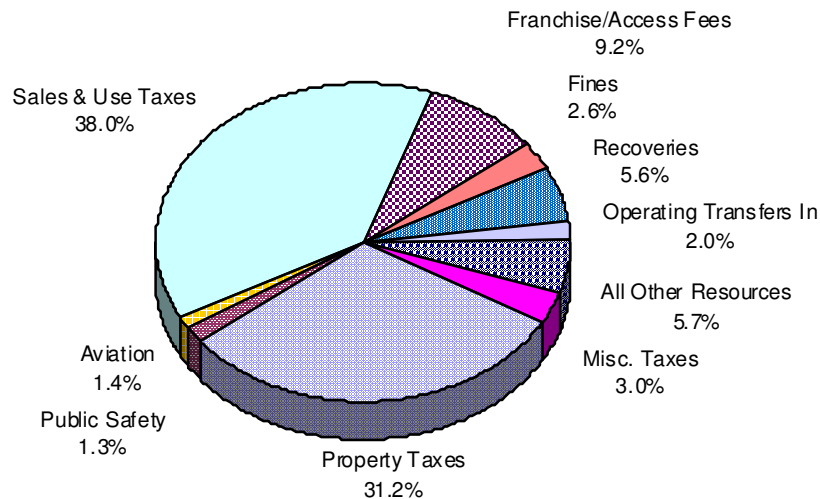
- Sales Tax = (\$233,900)
- Franchise Fees = \$482,780
- Penalties, Interest & Cost = \$135,130
- Licenses and Permits = (\$280,070)
- Intergovernmental Revenue = \$45,700
- Interest Earnings = (\$449,460)
- Recoveries = \$173,340
- Rents & Royalties = \$239,980
- Miscellaneous Adjustments = \$41,360
- Municipal Court Fines = (\$196,000)
- Solid Waste Transfer = \$275,000
- Stormwater Transfer = \$300,000

General Fund Balance

Proposed budget FY10 fund balance
\$15,132,160 or 2.57 months

Recommended FY10 fund balance
\$17,636,000 or 3.00 months
(\$2,503,840) difference

GENERAL FUND REVENUE BY CATEGORY
FY 2009-2010



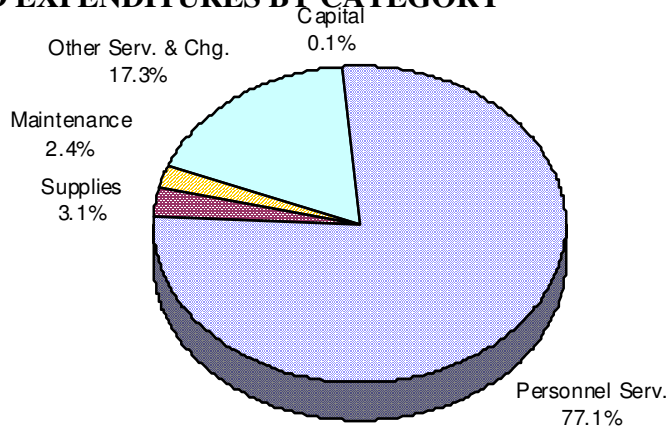
FY 10 Over FY 09 Revised

Proposed Revenues - \$651,950

- Property Taxes = \$501,810
- Sales Tax = \$526,260
- Franchise Fees = (\$373,820)
- Friends of the Library Reimbursement - North Side Branch Library Rent = (\$9,100)
- Sale of Fixed Assets = (\$7,130)
- Recoveries = \$130,760
- Transfer from Solid Waste = \$125,000
- Transfer from Stormwater = (\$300,000)
- Miscellaneous Adjustments = (\$27,630)
- Cemetery Fees = \$85,800

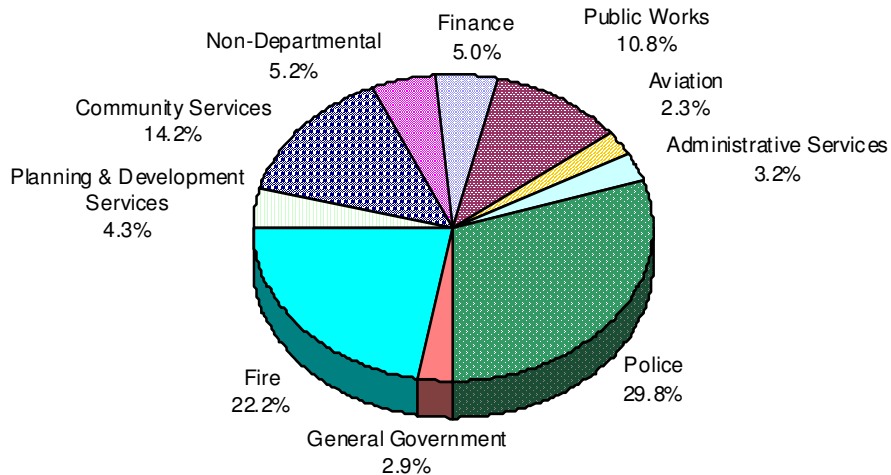
GENERAL FUND EXPENDITURES BY CATEGORY

FY 2009-2010



GENERAL FUND EXPENDITURES BY DEPARTMENT

FY 2009-2010



**The FY10 expenditure budget proposes a
General Fund increase of
\$631,340
(including transfers)**

(.90% increase over FY09 revised)

The expenditure changes are associated with the following:

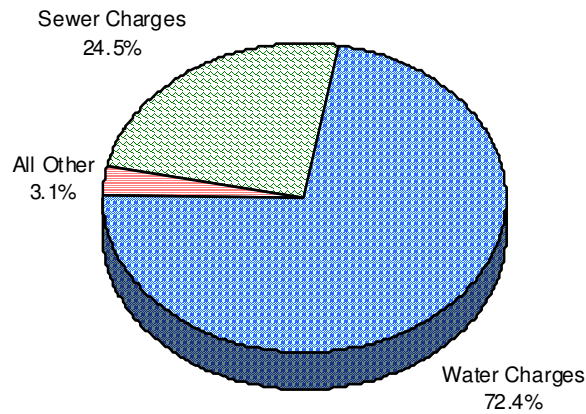
Proposed Budget Changes

- Pay Plan Adjustment = \$195,600
- Non-Civil Service Compensation Plan = \$196,000
- Police and Fire Meet and Confer = \$1,294,220
- Decrease Termination Pay = (\$227,200)
- Decrease in Police and Fire Overtime = (\$518,240)
- Miscellaneous Adjustments = (\$124,400)
- Operating Transfers = \$170,390
- Library - Material = (\$130,000)
- Liability and Property Insurances = (\$121,800)
- Fire Training Field Cleanup = (\$175,000)
- Fire Paramedic Program = \$71,770

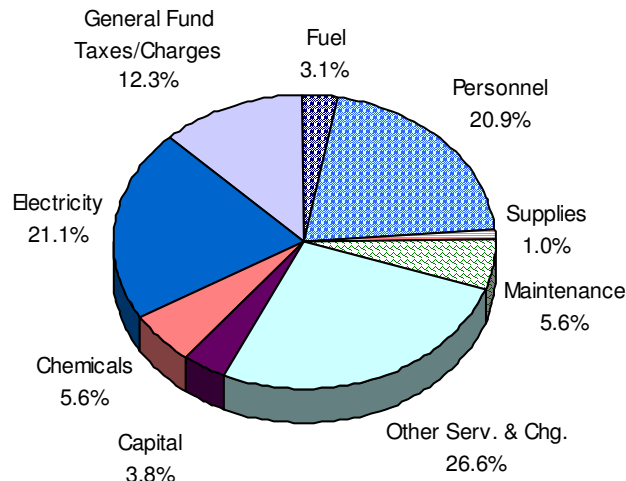
WATER UTILITY

WATER FUND REVENUE BY CATEGORY

FY 2009-2010



WATER FUND EXPENDITURES BY CATEGORY FY 2009-2010



Water Rates

- Base Rates – 0%
- Residential
 - 1st Tier – 10%
 - 2nd Tier – 10%
 - 3rd Tier – 10%
- Commercial
 - Both Tiers – 10%
- Industrial
 - Single Tier – 10%

Sewer Rates

- Base Rates – 0%
- Consumption Rates – 10%

MAJOR ISSUES

Additional Issues & Initiatives

- Self Insurance Fund
- Facilities Improvement Strategy
- Technology Fund
- Texas Municipal Retirement System (TMRS)

Council and Staff discussion included: 1) the city has not received the certified values from Taylor County Appraisal District; 2) General Fund tax rate is held the same for Maintenance and Operation and Debt Service there is a slight increase for Interest and Sinking due to the final sale of 2006 Bonds; 3) Health care is trending positive we will look at possible raising fees in the near future; 4) COACH is having a positive impact; 5) overtime – how are we managing and keeping track? Are we putting in place monitors to track the use of overtime? The city will still incur some overtime, but city staff is monitoring; 6) the additional spending as it relates to the Census count coming in 2010. Investment in the Census will yield a better count which has a direct coloration to federal grants received in the future by the City; 7) Fleet Fund – a replacement program for city’s fleet. If the city doesn’t continue building this fund we will get behind as has happened in the past; 8) increase in

Public Works is due to material increase is up 12% over last year; 9) the number of employees in budget doesn't reflect the retirement of employees that will be retiring at the end of July; 10) Police academy will finish up in December then they will enter 15 weeks of training on the streets. There is not a proposed academy next year; 11) Staff will continue evaluation of services how do we compare with the private sector. Is this a service that we need to provide? Vacancies that were created by retirement will result in 5 or 6 we will need to fill, they are critical to operations; 12) continue to set aside monies for the 27th pay period that rolls around every 11 years; 13) sales projection as compared to other cities – Lubbock 2%, State 4% over 2 years we are trending like other cities our size; and 14) Time table for the sale of lots at Fort Phantom Hill Lake – should be ready for sale in September. Revenue from the sale of lots will go into the Water Fund.

Mayor Archibald stated the Budget Workshop will resume tomorrow, Wednesday, July 22nd at 8:30 a.m.

There being no further business, the meeting was adjourned at 3:41 p.m.

Danette Dunlap
City Secretary

Norm Archibald
Mayor