

**SPECIAL MEETING
BUDGET WORKSESSION
JULY 22, 2009, 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 22, 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.

Councilman Higgins gave the invocation.

Councilman Spano 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 of the Water and Sewer Funds.

Tommy O'Brien Director of Water Utilities reviewed the Water and Sewer Budget.

**Proposed Water Rate Adjustments
FY 09 – FY 10 – FY 11 – FY 12 – FY 13**

- Base Rates – Weighted Adjustment
- FY 2009 & FY 2012
- Variable Rates
 - Residential
 - * 1st Tier – 15% - 10% - 10% - 0% - 5%
 - * 2nd Tier – 24% - 10% - 10% - 0% - 5%
 - * 3rd Tier – 24% - 10% - 10% - 0% - 5%
 - Commercial
 - * Both Tiers – 24% - 10% - 10% - 0% - 5%
 - Industrial
 - * Single Tier – 24% - 10% - 10% - 0% - 5%

**Proposed Sewer Rate Adjustments
FY 09 – FY 10 – FY 11 – FY 12 – FY 13**

- Base Rates – Adjustment
- FY 2009 & FY 2012
- Variable Rates

- Residential
- 24% - 10% - 10% - 0% - 0%
- Commercial & Industrial
- 24% - 10% - 10% - 0% - 0%

WATER								
	FY 06-07 Previous Rate	Previous vs. Current		FY 08-09 Current Water & Sewer Base Inc. 15% 1st Tier Res 24% Water Cons. 24% Sewer Cons.	Current vs. Proposed		FY 09-10 Proposed Water & Sewer 10% 1st Tier Res 10% Water Cons. 10% Sewer Cons.	
		Adjustment			Adjustment			
		%	\$		%	\$		
RESIDENTIAL								
Customer Service Charge	Based on Meter Size			Based on Meter Size			Based on Meter Size	
First 6,000 gallons	\$ 1.45	15%	\$ 0.22	\$ 1.67	10%	\$ 0.17	\$ 1.84	
7,000 to 15,000 gallons	\$ 1.90	24%	\$ 0.46	\$ 2.36	10%	\$ 0.24	\$ 2.60	
Over 15,000 gallons	\$ 2.64	24%	\$ 0.63	\$ 3.27	10%	\$ 0.33	\$ 3.60	
O.H. Ivie Charge	\$ 0.60			\$ 0.60			\$ 0.60	
COMMERCIAL								
Customer Service Charge	Based on Meter Size			Based on Meter Size			Based on Meter Size	
first 6,000 gallons	\$ 1.37	24%	\$ 0.33	\$ 1.70	10%	\$ 0.17	\$ 1.87	
Over 6,000 gallons	\$ 1.82	24%	\$ 0.44	\$ 2.26	10%	\$ 0.23	\$ 2.49	
O.H. Ivie Charge	\$ 0.60			\$ 0.60			\$ 0.60	
INDUSTRIAL								
Customer Service Charge	Based on Meter Size			Based on Meter Size			Based on Meter Size	
All consumption	\$ 1.58	24%	\$ 0.38	\$ 1.96	10%	\$ 0.20	\$ 2.16	
O.H. Ivie Charge	\$ 0.60			\$ 0.60			\$ 0.60	
WHOLESALE								
All Usage	\$ 1.82	24%	\$ 0.44	\$ 2.26	10%	\$ 0.23	\$ 2.49	
O.H. Ivie Charge	\$ 0.60			\$ 0.60			\$ 0.60	
RECLAIMED								
All Usage	\$ 0.52	0%	\$ -	\$ 0.52	0%	\$ -	\$ 0.52	
WATER BASE RATE								
Charge Applies to Meter Size Indicated:								
5/8 or 3/4	\$ 8.00	30%	\$ 2.40	\$ 10.40	0%	\$ -	\$ 10.40	
1"	\$ 11.00	36%	\$ 4.00	\$ 15.00	0%	\$ -	\$ 15.00	
1-1/2 inch	\$ 19.00	42%	\$ 8.00	\$ 27.00	0%	\$ -	\$ 27.00	
2 inch	\$ 33.00	39%	\$ 12.80	\$ 45.80	0%	\$ -	\$ 45.80	
3 inch	\$ 62.00	39%	\$ 24.00	\$ 86.00	0%	\$ -	\$ 86.00	
4 inch	\$ 82.00	49%	\$ 40.00	\$ 122.00	0%	\$ -	\$ 122.00	
6 inch	\$ 134.00	60%	\$ 80.00	\$ 214.00	0%	\$ -	\$ 214.00	
8 inch	\$ 223.00	57%	\$ 128.00	\$ 351.00	0%	\$ -	\$ 351.00	
10 inch	\$ 267.00	69%	\$ 184.00	\$ 451.00	0%	\$ -	\$ 451.00	

SEWER							
	FY 06-07 Previous Rate	Previous vs. Current		FY 08-09 Current Rates Water & Sewer Base Inc. 15% 1st Tier Res 24% Water Cons. 24% Sewer Cons.	Current vs. Proposed		FY 09-10 Proposed Water & Sewer 10% 1st Tier Res 10% Water Cons. 10% Sewer Cons.
		Adjustment			Adjustment		
		%	\$		%	\$	
RESIDENTIAL							
Minimum Charge	\$ 8.30	8%	\$ 0.70	\$ 9.00	0%	\$ -	\$ 9.00
First 10,000 gallons	\$ 0.90	24%	\$ 0.22	\$ 1.12	10%	\$ 0.11	\$ 1.23
Over 10,000 gallons	no charge			no charge			no charge
COMMERCIAL							
Minimum Charge	\$ 8.30	8%	\$ 0.70	\$ 9.00	0%	\$ -	\$ 9.00
All use per 1,000 gal.	\$ 0.90	24%	\$ 0.22	\$ 1.12	10%	\$ 0.11	\$ 1.23
INDUSTRIAL							
Minimum Charge	\$ 8.30			\$ 9.00	0%	\$ -	\$ 9.00
All use per 1,000 gal.	\$ 0.90	24%	\$ 0.22	\$ 1.12	10%	\$ 0.11	\$ 1.23
WHOLESALE							
All usage	\$ 0.90	24%	\$ 0.22	\$ 1.12	10%	\$ 0.11	\$ 1.23

Monthly Bill Impact - Water & Sewer							
	FY 06-07 Previous Rate	Previous vs. Current		FY 08-09 Current Water & Sewer Base Inc. 15% 1st Tier Res 24% Water Cons. 24% Sewer Cons.	Current vs. Proposed		FY 09-10 Proposed Water & Sewer 10% 1st Tier Res 10% Water Cons. 10% Sewer Cons.
		Adjustment			Adjustment		
		%	\$/Month		%	\$/Month	
Residential							
5,000 GPM	\$ 31.05	17%	\$ 5.30	\$ 36.35	4%	\$ 1.40	\$ 37.75
10,000 GPM	\$ 47.60	18%	\$ 8.46	\$ 56.06	5%	\$ 3.08	\$ 59.14
Commercial							
50,000 GPM	\$ 204.60	9%	\$ 19.26	\$ 223.86	6%	\$ 12.42	\$ 236.28
200,000 GPM	\$ 702.60	23%	\$ 164.06	\$ 866.66	6%	\$ 48.42	\$ 915.08
Dyess AFB (15.5 Mill/month)	\$ 42,160.00	19%	\$ 7,936.00	\$ 50,096.00	8%	\$ 4,123.00	\$ 54,219.00
Abtex (6.6 Mill/month)	\$ 15,576.00	18%	\$ 2,798.40	\$ 18,374.40	8%	\$ 1,465.20	\$ 19,839.60
Coca-Cola (9.5 mill/month)	\$ 22,420.00	18%	\$ 4,028.00	\$ 26,448.00	8%	\$ 2,109.00	\$ 28,557.00

Council and Staff discussion included: 1) a review of the rates for reclaim water that will stay the same. The City will be getting two new users and the rate charge will be what it cost to operate the system; 2) Effluent water – Staff will continue to look at supply and demand issues as they relate to effluent water; 3) water projects are based upon condition of lakes; 4) during FY 12 there will be added base charge amounts to a rate increase; 5) water has issued 6 million in Certificate of Obligations this year; and 6) Cedar Ridge Project is on going this year in FY 09 the geotechnical work for the Dam location was on going, FY10 the city will begin the water rights permit with the State (Corp Permit 404).

City Council and Staff discussed the General Fund: 1) Property Tax *Avg home value in Abilene is \$83,783 FY 2009 Current Taxes \$574.25 - FY 2010 taxes would be

\$580.78 an increase of \$6.53 per year; 2) the number of police officers eligible for retirement is currently 57 and 21 will be eligible over the next 4 years; 3) the Police Department is now experiencing lateral moves from other police departments – we currently have 5 officers coming in on a lateral move; 4) the Abilene Police Dept. is compatible in salary and equipment with other departments; and 5) Hotel/Motel Fund – discussion to change percentages under the expenditures to add Frontier Texas at 1% of revenues. Lower the ACVB to 49% and the leave the others the same 15% CAC and Civic Center at 35%. Frontier Texas is a visitor's center and would be eligible for receipt of the Hotel/Motel tax. This amount would help keep Frontier Texas viable in the future.

City Council and Staff took a break and then continued the discussion: 1) Suggestion by Councilman Spano to take \$250,000 from the Fleet Fund Balance and divide the money between unfunded Fire Equipment at \$35,000, Police video equipment \$75,000 and Infill Development \$140,000; 2) concern that tapping this fund will hurt future services and cause delays of future purchases; 3) concern that the City hasn't done much with the infill development fund – the land bank for infill needs some seed money; 4) Police video equipment – the department has submitted grant applications and will be getting some money for this project; 5) Fleet covers all but fire engines; 6) under funding in the past has caused the city to have to lease purchase equipment instead of out right purchasing; 7) the current list of fleet replacement has been paired down – departments were asked to make the equipment work one more year; 8) discussion of land for sale around Lake Fort Phantom Hill this money will return to the water fund – by City Charter money can't be transferred to General Fund from the Water Fund; 9) Fire Department – has received a federal grant to cover the cost of gear. The gear will need to be replaced every 10 years by law; 10) other property that the city could sell that could return funds to the General Fund and then could be ear marked for Infill development; 11) Workshop in September on property that the city could sell and used for Infill development; and 12) tax rate will be lower this year than the rate in 2006 mainly due to the refinance of Bonds this year at lower rate.

Mayor Archibald made a motion to approve on first reading of the Ordinance approving the revised 2008-2009 Budget and Proposed 2009-2010 Budget which includes moving 1% of Hotel/Motel Taxes to Frontier Texas and the Ordinance setting the Tax Levy at .6932 per \$100 valuation, as recommended by staff. Councilman Price seconded the motion.

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

NAYS: None

AN ORDINANCE APPROVING REVISED BUDGET FIGURES FOR FISCAL YEAR 2008-2009; APPROVING AND ADOPTING BUDGET FOR THE FISCAL YEAR OCTOBER 1, 2009, THROUGH SEPTEMBER 30, 2010, 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 2009, LEVYING AN AD VALOREM TAX FOR THE CITY OF ABILENE, TEXAS, FOR THE YEAR 2009; 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 made the motion to approve the Water & Sewer Rates as presented. Councilwoman Moore seconded the motion, motion carried.

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

NAYS: None

Mayor Archibald stated the final reading, public hearing, and vote on the budget and proposed tax levy ordinances will be on the Council's September 10, 2009 agenda.

There being no further business, the meeting was adjourned at 10:44 a.m.

Danette Dunlap
City Secretary

Norm Archibald
Mayor