

**SPECIAL MEETING
BUDGET WORKSESSION
JULY 26, 2010, 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 work session at 8:30 a.m. on July 26, 2010 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 Kellie Miller. Also present were City Manager Larry D. Gilley, Director of Finance Mindy Patterson, Assistant Director of Finance Mike Rains, City Attorney Dan Santee, Assistant City Secretary Tiffni Herrera, and various other members of staff.

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, Tuesday, July 27, 2010, at 8:30 a.m., and if needed July 28, 2010 at 8:30 a.m. The goals of the budget deliberations are to: 1) approve the Revised 2009-2010 Budget; 2) approve the Proposed FY 2010-2011 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 the revised 2009-2010 Budget and the proposed 2010-2011 budget. Gilley stated that this year has been very challenging and thanked the Council for the guidance and support city staff had received. Declining sales tax revenue caused many mid-year adjustments and sacrifices. Gilley noted that staff had stepped up to the challenges that have been presented to them. The budget as presented keeps all city services intact. Council then reviewed charts, reflecting the percentage break down by departments, the proposed Budget Expenditures/Revenues for Fiscal Year 2010-2011 and General Fund information.

Mr. Gilley then presented the Revised 2010 Budget with a review of the following: 1) Sales tax revised, to remain flat for the remainder of the fiscal year 2) Interest is down to historical lows 3) municipal court fines revenue is down

Mr. Gilley then presented the Proposed FY 11 Budget and noted the following major changes: 1) 3% non-civil service compensation plan; 2) police and fire meet and confer ; 3) Voluntary Retirement Incentive Program and reduction in force; 4) vacancies held; 5) termination pay outs; 6) Self Insurance increase 7) Property Tax rate increase

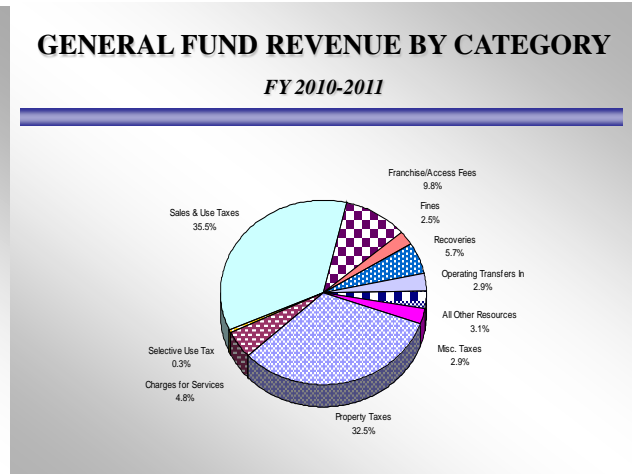
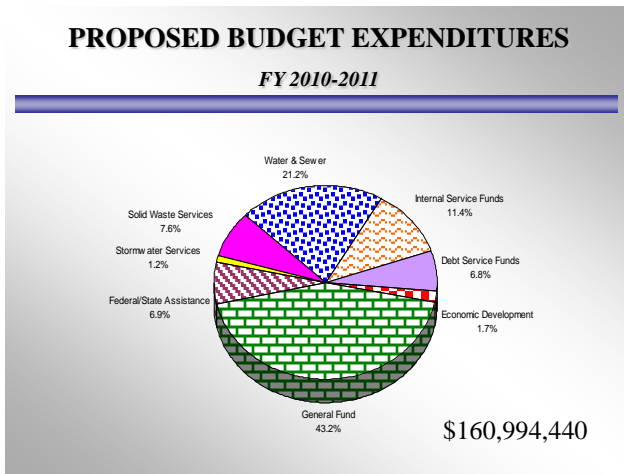
GENERAL FUND

The **FY10 revised** revenue budget proposes a General Fund **decrease** of
\$2,318,900
(-3.28% below FY 10 approved)

FY 10 Approved to Revised Revenues – (\$2,318,900)

- Sales Tax = (\$2,167,460)
- Franchise Fees = (\$155,730)
- Penalties, Interest & Cost = \$15,000
- Licenses and Permits = \$10,520
- Intergovernmental Revenue = \$43,230
- Interest Earnings = (\$240,190)
- Recoveries = \$213,640
- Hotel/Motel Tax Transfer= (\$140,500)
- Miscellaneous Adjustments = \$202,590
- Municipal Court Fines = (\$100,000)

General Fund Balance
 Proposed budget FY 11 fund balance
\$15,895,140 or 2.7 months



FY 11 Over FY 10 Revised

Proposed Revenues - \$1,286,650

- Property Taxes = \$575,450
- Franchise Fees = \$504,310
- Recoveries= (\$146,940)
- Rents and Royalties = \$116,110
- Intergovernmental Revenue = (76,230)
- Municipal Court Fines = (\$50,000)
- Transfer from Solid Waste = \$600,000
- Miscellaneous Adjustments = (\$139,470)
- Contributions and Donations = (\$60,550)
- Property Damage Claims = (36,030)

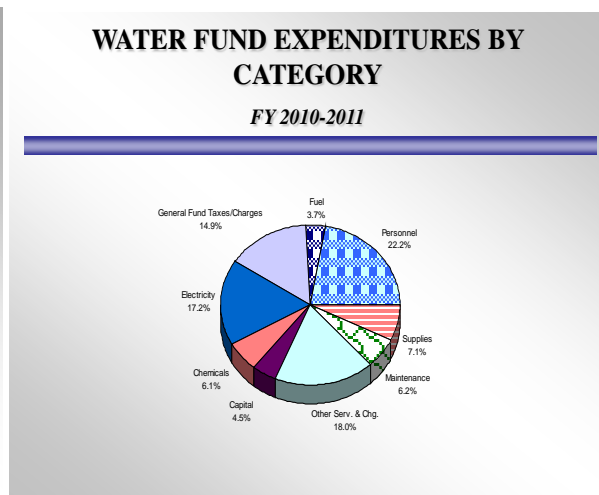
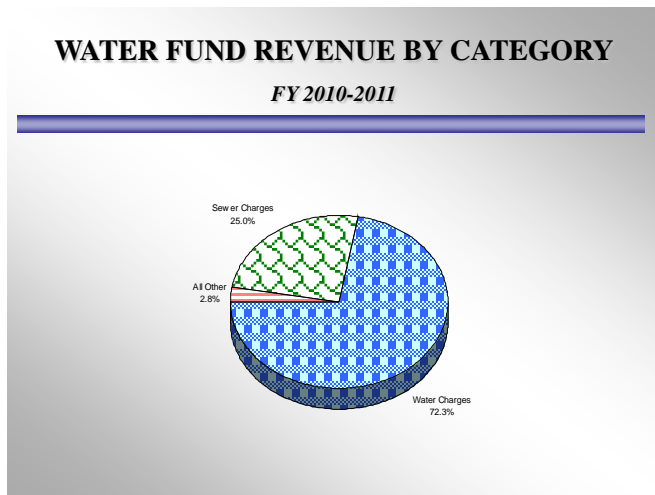
Property Tax Rate Comparison FY 2010 / FY 2011

| Home Value | FY 2010 69.32 | FY 2011 69.86 | Annual Increase |
|-------------------|------------------|------------------|-----------------|
| \$75,000 | \$519.90 | \$523.95 | \$4.05 |
| \$85,642 * | \$593.67 | \$598.30 | \$4.62 |
| \$100,000 | \$693.20 | \$698.60 | \$5.40 |
| \$150,000 | \$1,039.80 | \$1,047.90 | \$8.10 |
| \$200,000 | \$1,386.40 | \$1,397.20 | \$10.80 |

*Average Home Value (with homestead exemption)

WATER UTILITY FUND FY 2010-2011

The expenditures for operating the Water Utility Fund system in FY 11 are estimated at \$34 million with revenues estimated to be approximately \$36.3 million. It is anticipated that the fund balance will be approximately \$70.0 million at FY 11 year end. The Water Department will not be recommending an adjustment to the Schedule of Rates and Charges.



MAJOR BUDGET ISSUES

Additional Issues & Initiatives

- Self Insurance Fund
- New Initiative for Fire Department Tactical Operations (First Responder Program)

One of the major issues the city is facing is increase in health insurance program rates. Ronnie Kidd, Director of Administrative Services addressed the council. Holmes and Murphy Associates, benefits consultants for the city, states that it is the national trend of 12% - 14% for health

and prescriptions claims, which is an increase from 9% - 10%. The City's annual contribution increase would come to approximately \$423,000 to the plan, with employee annual contributions to increase approximately \$125,000. Kidd noted that this is the first increase to the health insurance plan in three years which is a significant accomplishment.

| Health Plan Proposed Rates FY 11 | | | |
|---|-------------|---------------|---------------|
| <i>All figures per employee per month</i> | <u>Gold</u> | <u>Silver</u> | <u>Bronze</u> |
| Employee Only <i>current</i> | \$107 | \$64 | \$37 |
| Employee Only <i>proposed</i> | \$118 | \$70 | \$41 |
| Increase | \$11 | \$6 | \$4 |
| Employee & Spouse <i>current</i> | \$409 | \$244 | \$143 |
| Employee & Spouse <i>proposed</i> | \$450 | \$268 | \$157 |
| Increase | \$41 | \$24 | \$14 |
| Employee & Child(ren) <i>current</i> | \$202 | \$121 | \$71 |
| Employee & Child(ren) <i>proposed</i> | \$222 | \$133 | \$78 |
| Increase | \$20 | \$12 | \$7 |
| Employee & Family <i>current</i> | \$494 | \$295 | \$173 |
| Employee & Family <i>proposed</i> | \$543 | \$325 | \$190 |
| Increase | \$49 | \$30 | \$17 |
| City Contribution from \$311 to \$356 | \$45 | Increase | |

MAJOR ISSUES

Ken Dozier addressed the Council on the second major issue which is not included in the proposed budget. Dozier gave a brief history of the Abilene Fire Department First Responder/Paramedic Program. In 1984, the department began requiring all new hires to become EMT basic technicians. In 1985, the First Responder Program was implemented. In 2009, preparations for EMT-Paramedic Service began. An in-house paramedic training class was started which includes over 800 hours of instruction. Dozier stated that 26 additional students are scheduled to graduate in October of 2010; in turn this allows the department to take this next step. Dozier stated he is requesting \$235,000 for personnel who will consist of three Field Resource Medics (FRMs), \$229,500 for nine cardiac monitors, and \$25,000 for medical direction and protocol, totaling \$490,000. His plan includes putting one paramedic with one cardiac monitor for each of the eight engine companies, and one Field Resource Medic per shift for peer support and assistance. This would also provide quality assurance in services and reporting which is vital to the success of the program. Dozier believes this program is important due to the call volume that is received. Out of 14,834 calls received by the Fire Department in 2009, 75.33% related to emergency medical services and 24.77% were fire and other. The average response time of the Abilene Fire Department is 3:47. The average response time of the private ambulance services is 8:40. Dozier stated the department is ready to get to the paramedic level and the citizens of Abilene will receive the highest level of pre-hospital care possible and that lives will be saved.

The FY11 expenditure budget proposes a
 General Fund **decrease** of
\$1,027,350
 (including transfers)

(-1.45% decrease from FY 10 approved)

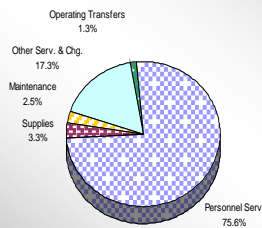
The expenditure changes are associated with the following:

Proposed Budget Changes

- Non-Civil Service Compensation Plan = \$555,000
- Police and Fire Meet and Confer = \$990,000
- Overtime = (\$171,090)
- Voluntary Retirement Incentive Program and Reduction in Force = (\$1,490,650)
- Vacancies held = (\$602,450)
- Termination Pay Outs = (\$201,460)
- Self Insurance = \$305,940
- Uniforms = \$22,780
- Protective Equipment = \$33,630
- Medical Expenses = \$23,460
- Northeast Development Zone Payoff = (\$307,100)
- Final Payment Lease Purchase Program = (\$272,120)
- Equipment Use Charges = \$241,380
- Airport Parking Lot Debt Payment = \$170,430
- Technology Charges = (\$147,840)
- Operating Transfers = (\$137,800)
- Capital = (\$41,000)
- Miscellaneous Adjustments = (\$47,190)

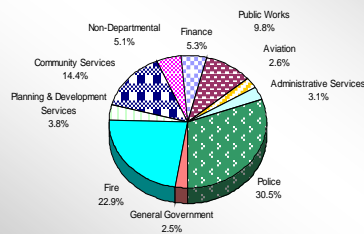
GENERAL FUND EXPENDITURES BY CATEGORY

FY 2010-2011



GENERAL FUND EXPENDITURES BY DEPARTMENT

FY 2010-2011



Council and Staff discussion included: 1) effects on city services as a result of reduction in personnel and the voluntary retirement program; 2) general fund, property tax rate increase; 3) steps that might be taken if sales tax is above or below projections; 4) major projects in the future; aging facilities and infrastructure; 5) charging fees for specific services at the library could jeopardize accreditation; 6) fuel costs; 7) pay for performance program vs. across the board pay raises 8) possibilities of acquiring wind turbines for electricity costs savings at water and wastewater plants; 9) Maxwell Golf course status update, currently operating at approximately \$18,000 in the black; city's \$6,000 per month subsidy; 10) pros and cons on use of reserve funds and the affect on bond ratings; 11) fleet replacement fund 12) city self insurance coverage in the event of a catastrophic event; 13) property tax rate comparison with sister cities; 14) Fire Department first responder/paramedic program and possible ways to fund program levels five and six in the future; possibility of forming a citizen's advisory committee to aid in the future direction of the program

Mayor Archibald stated the Budget Workshop will resume tomorrow, Tuesday, July 27th at 8:30 a.m.

There being no further business, the meeting was adjourned at 3:45 p.m.

Danette Dunlap
City Secretary

Norm Archibald
Mayor