

**SPECIAL MEETING
BUDGET WORKSESSION
JULY 30, 2012, 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 30, 2012 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 31, 2012, at 8:30 a.m., if needed. The goals of the budget deliberations are to: 1) approve on first reading the Revised 2011-2012 Budget; 2) approve on first reading the Proposed FY 2012-2013 Budget; and 3) approve on first reading the ordinance setting the tax rate. The Mayor then asked Mr. Gilley to present the budget information.

Mr. Gilley gave a brief overview of the proposed 2012-2013 budget and the revised 2011-2012 budget.

GENERAL FUND

FY 12 projected fund balance \$20,405,230 or 3.3 months
Policy recommendation FY 12 fund balance \$18,318,900 or 3.00 months
\$2,086,330

The FY 12 revised revenue budget proposes a General Fund increase of \$4,895,250
(6.8% above FY 12 approved)

- Sales Tax = \$5,069,360
- Franchise Fees = (\$180,990)

The FY 12 revised expenditure budget proposes a General Fund increase of **\$8,394,040**
(11.7% above FY 12 approved)

- Transfer to Fire Apparatus Replacement Fund = \$250,000
- Cardiac Monitors = \$90,000
- Park Master Plan = \$75,000
- Interfund Transfers = \$291,200
- Aviation Grant Match = \$702,550
- Excess Fund Balance Expenditures Approved by Council = \$5,188,000

- Civic Center Chiller Replacement = \$1,507,990
- City Match Splash Pad = \$85,000

The FY 13 revenue budget proposes a General Fund decrease of (\$708,760) (including transfers) 0.9% decrease from FY 12 revised

- Property Taxes = \$912,420
- Sales Tax = (\$1,947,080)
- Solid Waste Transfer = \$500,000
- Licenses & Permits = (\$156,000)

The FY 13 expenditure budget proposes a General Fund decrease of (\$4,231,500) (including transfers) 5.6% decrease from FY 12 revised

- Across the Board Compensation Adjustment (Effective January 2013) = \$1,219,150
- Excess Fund Balance Expenditures Approved by Council = (\$5,188,000)

WATER UTILITY FUND

FY 2012-2013 - Revenue

- Water Charges 72.2%
 - Sewer Charges 24.9%
 - All Other 2.9%
- \$36,519,000**

FY 2012-2013 – Expenditures

- Debt Service 13.1%
- Personnel 15.4%
- Supplies 5%
- Maintenance 5.8%
- Other Serv & Chgs 14.2%
- Capital 14.2%
- Chemicals 4.4%
- Utilities 17.5%
- General Fund Taxes and Charges 10.5%

\$43,621,850

ADDITIONAL ISSUES AND INITIATIVES

- Self Insurance Fund (Health Insurance on track for the first 6mths – year begins in Jan instead of October). Very good shape.
- TMRS – Retirement Program with the exception of Fire Department. TMRS is in very good shape, very conservative portfolio.

- Public Safety Communications (No funding for this year) Looking to the future to the changes in the communications and technology budgets.

Council and Staff discussion included: 1) Fire apparatus fund; 2) Cardiac Monitors – will now have about 65 paramedics in the fire department; 3) Parks Fund \$75,000 – used to update the Parks Master Plan that is required every 5 years about the Parks & Wildlife Department includes Consultant fees; 4) Inter-fund transfers – having to subsidize CDBG, transit and health funds; 5) Aviation grant match is now 10% the next three years grants will be a 90/10 split.; 6) Affordable Care Health Act – not a lot of impact so far. Biggest impact will be in reporting; 7) pay increase – have looked at the pay for performance, there would need to be a larger increase in order to spread across the pay scale. Social Security will possibly also increase back to the 6.2% instead of 4.2% where it has been the last year and half; 8) police safety communication – was funded through CO's. Portable radios, software and hardware concerns. Concern over consultants being used; and 9) Fire department – fleet fund, \$700,000 each year would need to be set aside to fund the replacement through the next 20 years. Replace 1 each year. Ladder truck in year 5. State recommends 15year replacement cycle on trucks.

After a short break council and staff discussion continued: 1) sales tax revenue projections. The history of sales tax revenue; 2) salaries; 3) TMRS – concern and question on the guaranteed rate of return. Employees contribute to their retirement fund; it is not totally paid by the city. TMRS is different than other retirement systems in the state. TMRS is a solid retirement program. COLA's; 4) New positions (14) in the FY 2013 – 1- Customer Service Rep – will be located on the 1st floor, will add security of the building and an information help desk. Working on an on-line application process for employment where there will be a location for filling out applications; 5) Finance - Marshall Position – Environmental enforcement and Facility Maintenance position; 6) Planning & Development Services – Building Inspection Customer Service Rep and Zoning and Code Enforcement Officer; 7) Public Works – Solid Waste Recycling positions; 8) Airport – 2 Operations division –Officer 1 (firefighter), Operations officer 3 – shift supervisor; Parking lot, rental companies and the old FAA tower; 9) Community Service – 3 additional park workers; 10) mowing right of ways – entry ways into the city; 11) Water Utility – Heavy Equipment Operator and FOG (Fat Oil and Grease) Manager (Sanitary Sewer Overflow); Water rates, sewer rates and Ivie Pipeline charge; and 12) Lake Ivie and the Hargesheimer Water Plant – lake levels are low with the possibility of shutting down the Hargesheimer plant if the water levels continue to drop in the lake.

Council returned after taking a lunch break and discussion included: 1) Fund Balance – availability to use partial amount to keep from raising taxes; 2) Fleet Replacement fund has been built up so that the city has not had to issue debt and we are able to pay cash for equipment; 3) The city uses the fund balance to pay up front early in the year to purchase equipment then the fund balance is replenished from the fleet replacement fund; 4) CIP fund; 5) decrease in water fund revenue – based on usage that was more water sold last year over anticipated for this year; 6) Water proposed capital outlay as budgetary allowance for the catastrophic failure of critical systems; 7) Transit fund; 8) DCOA Fund; 9) Technology Fund – electronic storage of records; 10) Police Academy – has been budgeted in the next budget; 11) Fire Academy; and 12) 108, CDBG and HOME Funds.

Mayor Archibald made the motion to approve the first reading of the Ordinance for the Revised 2011-2012 Budget \$79,971,600. Councilman Higgins seconded the motion, motion carried.

AYES: Councilmen Price, Spano, Williams, Briley, Higgins and Councilwoman Miller and Mayor Archibald
NAYS: None

AN ORDINANCE APPROVING REVISED BUDGET FIGURES FOR FISCAL YEAR 2011-2012; FOR THE CITY OF ABILENE; APPROPRIATING FUNDS; REPEALING ALL ORDINANCES AND PARTS OF ORDINANCES IN CONFLICT HEREWITH; CALLING A PUBLIC HEARING

Mayor Archibald made the motion to approve the first reading of the Ordinance for the Proposed 2012-2013 Budget \$75,740,100. Councilman Williams seconded the motion, motion carried.

AYES: Councilmen Price, Spano, Williams, Briley, Higgins and Councilwoman Miller and Mayor Archibald
NAYS: None

AN ORDINANCE APPROVING AND ADOPTING BUDGET FOR THE FISCAL YEAR OCTOBER 1, 2012, THROUGH SEPTEMBER 30, 2013, FOR THE CITY OF ABILENE; APPROPRIATING FUNDS; REPEALING ALL ORDINANCES AND PARTS OF ORDINANCES IN CONFLICT HEREWITH; CALLING A PUBLIC HEARING.

Mayor Norm Archibald made the motion to approve levying an ad valorem tax for the City of Abilene at .6860 and breaks out as Operations & Maintenance at .4937 and Debt Service is .1923. Councilman Price seconded the motion, motion carried.

AYES: Councilmen Price, Spano, Williams, Briley, Higgins and Councilwoman Miller and Mayor Archibald
NAYS: None

AN ORDINANCE OF THE CITY OF ABILENE, TEXAS, APPROVING THE ASSESSMENT ROLL FOR 2012, LEVYING AN AD VALOREM TAX FOR THE CITY OF ABILENE, TEXAS, FOR THE YEAR 2012; 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.

A public hearing and final reading will be held on the Revised Budget 2011-2012 on August 9th.

Public hearings will be held on the Tax Rate on August 23rd, September 13th and the final hearing on September 24th.

A public hearing and final reading will be held on the Budget 2012-2013 on September 24th.

There being no further business, the meeting was adjourned at 2:55 p.m.

Danette Dunlap
City Secretary

Norm Archibald
Mayor