

PLANO CITY COUNCIL
Budget Worksession
August 14, 2010

COUNCIL MEMBERS

Phil Dyer, Mayor
Lee Dunlap, Mayor Pro Tem
Pat Miner, Deputy Mayor Pro Tem
Ben Harris
André Davidson
Lissa Smith
Harry LaRosiliere
Jean Callison

STAFF

Thomas H. Muehlenbeck, City Manager
Frank Turner, Deputy City Manager
Bruce Glasscock, Deputy City Manager
LaShon Ross, Deputy City Manager
Mark Israelson, Assistant City Manager
Diane C. Wetherbee, City Attorney
Diane Zucco, City Secretary

Mayor Dyer convened the Council into the Budget Worksession on Saturday, August 14, 2010, at 8:01 a.m. in the Council Chamber of the Plano Municipal Center, 1520 K Avenue. All Council Members were present.

Request for Public Input on Budget & CIP Council

Plano resident John Minton spoke to the importance of the Senior Rides Program and in support of its continued funding. Plano resident Steve Kusters spoke to the programs offered by the Plano Children's Theater and requested Council funding. Plano resident Jack Lagos requested minutes of the Plano Economic Development Board's vote on their budget be made available to the public. P.C. Christopher, Vice President of the Plano Children's Theater Board spoke to the positive impact on youth, growth of the program, reorganization of the board, and requested reconsideration of funding. Plano Resident John Florio spoke regarding the sport utility vehicles utilized by officers, increases in alarm permit fees and to cutting expenses. City Manager Muehlenbeck advised regarding the cost-effectiveness of police vehicles and additional storage provided; and spoke to the cost of false alarms. Citizens Allison and Camryn Basile, Lisa Rodenbaugh, and Teri Herrick spoke in support of the Plano Children's Theater. Citizen Andrea Breslin spoke in support of the Senior Rides Program. Kevin Anderson, representing the Plano Tea Party, spoke to a proposed tax rate lower than neighboring cities, bond items approved by citizens, but stated concern regarding the timing of an increase and called for fiscally responsible budgeting. Lee Stark of the Geriatric Wellness Center spoke in support of the Senior Rides Program with the Center putting together a budget that works with the DART proposal.

Budget Worksession Overview

Highlights of 2009-10/Outlook for 2010-11/Outlook for 2011-12

City Manager Muehlenbeck spoke to the budget changing on a daily basis with unanticipated expenses including court settlements, declining franchise fees and interest earnings, funding to keep libraries open on Sundays and \$9 million in cuts. He spoke to the recommended tax increase addressing only debt, the history of borrowing from Operations/Maintenance (O/M) to cover debt and to the City's low tax rate. Mr. Muehlenbeck spoke to the increase in July sales tax figures (including a \$145,000 audit adjustment) and receipt of one-time refunds of franchise fees included in the budget. He spoke to the City's low tax rate and budget options including passage of the original recommendation of an increase of 1.49 cents to cover the debt fund; a tax increase of .90 cents to cover the current General Fund deficit position of \$2.1 million leaving a zero surplus and 30 days of operation; or adding back in unexpected revenues and increasing the tax rate by .50 to cover the remaining deficit of \$1.1 million.

Mr. Muehlenbeck spoke to the projected \$11 million deficit for 2011-12, losses on the tax base, service cuts that will be necessary, the reduced number of employees doing the same level of work, and the impact of debt service approved by the Council and citizens. He spoke to a potential deficit of \$15 million in 2012-13 and the debt rate set at 17.51 cents. Mr. Muehlenbeck spoke to the City spending monies on infrastructure including libraries, fire stations, and parks in its earlier years followed by the cost of operations/maintenance.

Funding Requests

Economic Development – Operating Budget & Incentives

City Manager Muehlenbeck spoke to the Plano Economic Development Board, a corporation whose primary mission is to identify, recruit and retain businesses that contribute to the economic health of the community and celebration of its 25th year. He spoke to *The PEDB 2009 Progress Report* including information on 40 commercial projects, 4,500 jobs, and \$144 million in tax base improvements including the following corporations: Telmar Network Technology, Alliance Data, Tektronix, Huawei, Pepsi, and Pizza Hut. Mr. Muehlenbeck spoke to the boost to the City's sales tax revenues by relocated employees/clients, and the important role incentives play in allowing the City to remain competitive. He spoke to the 16 projects finalized in 2009-10 totaling approximately \$5.3 million in grants, representing jobs and real/business property improvements and to aggressive promotion in the future including utilization of the web site, business recruitment, lease renewals, deployment of a business satisfaction survey and attendance at trade shows and exhibitions. Mr. Muehlenbeck spoke regarding reductions in the corporation's budget and responded to the Council, advising there are no increases in salary and that the increases reflected include health/life insurance benefits.

Buffington Community Services Grants

Chair Grady spoke to the grants established in 1998 to offer funding to agencies providing emergency needs. He stated that, per state law, grants are limited to 50% of an agency's budget and are available to those in operation for three years or more.

Mr. Grady advised that for FY 2009-10, \$429,398 has been used for households/individuals and spoke to grant regulation updates in 2010 and reduced funding to \$1 per capita. He spoke to approval of eight Community Development Block Grants (\$223,185) and twelve Buffington Community Services Grants (\$263,800) and the gap between monies requested and awarded. Mr. Grady spoke to the increases in unemployment and poverty in Collin County. Mayor Dyer thanked the Commission for their service.

Heritage Commission

Chair Chaput spoke to the decrease in funding requests and available funds. He spoke to proposed program changes including placing a cap on funding for salaries and operations; new recipients may not receive funding for salaries/operations; withholding one-third of the grant unless funds are raised from an outside source; and requiring recipients provide information to demonstrate a link to increased tourism. He spoke to the focus on operations/maintenance budgets, heritage projects and looking for in-kind contributions. Mr. Chaput advised that the recommendations include the Heritage Farmstead Museum (\$348,000), Plano African American Museum (\$76,000), North Texas Masonic Historical Museum and Library (\$4,000), Plano Conservancy for Historic Preservation, Inc. (\$160,517), and Rowlett Creek Cemetery Association (\$3,000) for an overall amount of \$591,517.

Mayor Dyer clarified that the source of funding is hotel/motel tax revenue. City Manager Muehlenbeck requested Council consideration of changing the program to require applicants match one-third of the total funding amount and consider documentation to demonstrate tourism benefits. Planning Manager Firgens responded to the Council, advising that if agencies did not meet their one-third match, a percentage of funds would be withheld from their final payment and Mr. Chaput spoke to making applicants aware of the program change, their current level of in-kind donations and to potential consideration of volunteer hours. Council Member Smith spoke to including volunteer hours in quarterly reports and Council Members LaRosiliere and Davidson spoke to excluding these from calculation of in-kind donations. Ms. Firgens advised that Staff would bring forward information for further Council consideration.

City Manager Muehlenbeck spoke regarding the grant recommendation for the Plano African American Museum (PAAM) being contingent upon completion of documentation. He advised regarding differences in audit figures, the need for more materials and a meeting to review paperwork allowing for sufficient time for Staff review. Mayor Dyer spoke to moving forward with grants for other organizations with a later adjustment, if necessary. The Council concurred that a meeting be held with the City's Internal Audit and representatives of PAAM by Wednesday, August 18, 2010.

Cultural Affairs Commission

Chair Stroh spoke to the Commission's process and timeline and to the addition of Urban Town Center Grants which had previously been considered as line items in the Council's budget. She reviewed Major Grant recipients and future consideration of applying a percentage calculation to the Small Arts Grant awards similar to the Major Grants. Ms. Stroh spoke to review of the *Holiday Fun Run* indicating a low level of outside financial support and having a deficit position which resulted in the recommendation of no funding. She spoke to *Plano Children's Theater's* low score from commissioners based on accounting information and turnover of board members.

Ms. Stroh spoke to prior review of parade funding as a Council line item as compared to consideration by the Commission, which provided only a percentage of funding requested. She spoke to parades receiving in-kind services from the City and review of guidelines and processes beginning in September 2010 encouraging groups to find alternative funding. Ken Gleason, representing the Plano Early Lions Club spoke to their funding request covering items required by City including police officers, barricades, and liability insurance and the event serving as a fundraiser for other organizations. He responded to the Council regarding the number of volunteers serving at the event and City Manager Muehlenbeck spoke to level of police staffing at various special events and to compiling a comprehensive accounting.

P.C. Christopher, Board Vice President of the Plano Children's Theater, requested Council consideration of funding and spoke to updated bookkeeping practices, efforts to expand funding sources, review of bylaws and work done by the new board. Benjamin Sheahan, Board of Directors of the Plano Children's Theater, advised that the current records are up-to-date. Mr. Christopher responded to the Council, advising that the funding for the McKinney's Theater is separate. Ms. Stroh responded to Council Member Davidson, stating that consideration of a requirement for matching funding from other sources will be considered as part of the Commission's review.

Mayor Dyer, Mayor Pro Tem Dunlap, Deputy Mayor Pro Tem Miner and Council Members Callison and Smith spoke to the history of the Plano Children's Theater and recommended some funding be provided. Council Members LaRosiliere and Davidson spoke to the process and stated opposition, citing concern that other groups with low scores may request funding in the future. Council Member Callison spoke to the organization coming before the Council on appeal.

Council Member Harris recommended and the Council concurred to fund \$43,000 for the Plano Children's Theater, adjusting other grant amounts and reflecting such on the budget to be returned to the Council on September 13, 2010 (Council Members LaRosiliere and Davidson were not in agreement).

Mayor Dyer recessed the worksession for lunch at 11:27 p.m. and resumed at 12:03 p.m.

Council Items and Issues for Discussion

Council Member Smith requested discussion regarding car allowances under Program Changes.

Operating Budget

Revenues/ Water & Sewer Rates/ NTMWD Rate Increases/ Proposed Water Rate Increase/Ad Valorem Tax Base/Tax Rate/Effective Tax Rate/Rollback Tax Rate/Sales Tax/Other Revenues

Director of Budget and Research Rhodes-Whitley stated that as of July 31, 2010, water usage was at 21.48 billion gallons, resulting in a loss of revenue of approximately \$6.6 million. She spoke to information received from the North Texas Municipal Water District indicating a rate increase and the City's recommendation to increase water rates by 6% resulting in an average \$1.59 residential increase (10,000 gallons) and \$7.19 commercial increase (50,000 gallons).

Ms. Rhodes-Whitley spoke to the \$11 million deficit for 2011-12, \$12.3 million for 2012-13, the average home value of \$245,802, \$24.7 billion in assessed property value with \$1.1 billion lost this year and \$262 million coming on line with new growth. She spoke to proposed rates in neighboring cities and exemptions offered by Plano resulting in a loss of \$26.3 million for 2010-11. Ms. Rhodes-Whitley advised that if the unexpected revenues were included, the deficit would be \$1.1 million and if taxes were raised by .5 cents, a home at the average value would have a \$5.32 decline. She spoke to sales tax receipts re-estimated at \$56.1 million for 2009-10 with \$57 million projected for 2010-11, a decline of 25% in building and development revenues, and a loss of revenue from properties that have successfully appealed their appraised value. City Manager Muehlenbeck spoke to establishment of a base figure for anticipated sales tax revenue with overages utilized for one-time expenditures or placed in the Capital Reserve Fund.

Program Changes

Health Insurance/Vacation Buyback

Deputy City Manager Ross spoke to employee's participation in the reduction process while continuing high service levels. She spoke to the three-year implementation of increases in employee health insurance premiums to 90% and dependents at 75% resulting in a shift of \$1.67 million to employee costs for premiums. Ms. Ross spoke to benefit changes in pharmacy coverage moving \$178,000 of additional cost to employees, responded to the Council that there is one medical plan and advised regarding projected increases in overall medical/dental premium costs. Ms. Ross reviewed a revision to the Longevity Pay Program offering payout only if employees are active and a resultant savings of \$14,468. She spoke to the programs eliminated including: Tuition Reimbursement, Adoption Assistance Program, Catastrophic Illness/Extended Sick Leave Bank, Vacation and Holiday Accrual for part-time employees, part-time employee indemnity health plan, part-time employee flexible spending, and DART passes for business purpose.

Ms. Ross spoke to 2010 revisions for vacation accrual implementing a limit to the number of hours that can be carried over and establishing a payment plan for those with an excess. She spoke to the Vacation Buy Back Program in which employees purchase time at the current rate of pay, thus limiting the future liability of the City and responded to the Council that longevity pay (required for civil service staff) is provided to full-time employees. Ms. Ross spoke to the need to fund those employees who made an election in December 2009 to participate in Vacation Buy Back and advised that the program could be discontinued for future years. She responded to the Council, stating that upon review of other entities, the City of Plano is competitive with regard to accrual of time. Deputy City Manager Glasscock advised that any changes in the leave policy would significantly impact staffing levels in the Police and Fire Departments. Ms. Ross spoke to the reduction of programs including: recreation center membership discounts and overtime calculation. She spoke to the number of positions reduced without changes to service levels, elimination of merit increases and no salary range adjustments since 2007 impacting the City's ability to stay competitive. City Manager Muehlenbeck spoke to the decline in the City's competitive position and employees having the ability to transfer credits from one city to another without losing credits. Ms. Ross spoke to the impact of budget reductions on employees.

Water & Sewer Debt Issuance

David Medanich of First Southwest Company spoke regarding alternatives to funding water and sewer debt. Revenue bonds would require a reserve fund and sufficient coverage; and/or certificates of obligation which are backed by the credit of the City and retired from water and sewer revenues. The debt could be long term in nature. City Manager Muehlenbeck spoke to the level of debt issued by others and advised that payments for the certificates of obligation would come from water and sewer revenues with the full faith and credit as a backup, thus providing the lowest interest rate.

Staff Furlough Days – Non-essential Personnel

Deputy City Manager Ross spoke to consideration of exempt employees with regard to furlough days and advised that there would need to be a recalculation of salary with an adjustment as these individuals are typically in positions that work more than 40 hours per week. She advised that with regard to non-exempt employees, the savings is \$465,906 for five days of furlough savings from the General Fund and spoke to keeping essential/non-essential personnel similar.

Update on Senior Transportation

Director of Parks and Recreation Fortenberry advised that Plano Senior Rides, initiated in 2008 includes both mileage reimbursement and taxi vouchers and is funded at \$90,000 from the General Fund with \$50,000 utilized by the Geriatric Wellness Center for administration and \$40,000 for reimbursements. She advised that DART has indicated they will consider funding of \$50,000 and that the Center will reduce expenses so that the program might be continued. Ms. Fortenberry stated concern that amounts requested may exceed those for reimbursement. Program Administrator of the Geriatric Wellness Center Stark spoke to copayments that could be rolled back into the program and responded to the Council that increases in ridership may increase administrative costs, but that Staff could look to absorb. Ms. Fortenberry advised the Council that the agreement with DART would be for one year with an optional one-year extension and spoke to the number of vouchers available and cost. Council Member Davidson spoke to the increase in the senior population and to researching alternatives. Donna Bening, representing the Plano AARP Chapter spoke to the Council addressing the needs of seniors in the community.

Police Department Staffing Index (SSI)/ Police Event Staffing/ Fire Department ISO Rating/Schedule for Fire Station #13/ Impact of Texas Hurricane Sheltering Plan Glasscock

Deputy City Manager Glasscock spoke to the Service Standard Index which sets forth a formula to determine Police Department staffing levels and needs by considering the number of calls for service an officer can respond to given the average length of a call and the amount of available officer time. He advised that based on 2009 data, the City's staffing level is within 10% of the ideal and the critical indexes and should remain so through the 2010-11 budget year without additional officers.

Mr. Glasscock spoke to the increasing number of events requiring a police presence, the challenges of providing sufficient staffing and costs. He advised regarding criteria for future consideration including those instances requiring minimal staffing, short duration and having a community impact. Mr. Glasscock spoke to the number of groups that may be impacted, requests for waivers and the recommendation that organizations apply through the grant process. Mr. Glasscock advised that the official site visit for the Fire Department ISO Rating will be on September 20 and spoke to the opening of Fire Station #13 for which staffing will be delayed by providing coverage from an existing fire company. He spoke to Plano's designation in the Hurricane Evacuation Plan as the current first position host shelter city and the possible impact of integrating special needs categories into the general population. Mr. Glasscock advised that Plano would be the primary location until an evacuation is hosted and that only Plano and McKinney are currently designated.

Arts of Collin County (ACC)

Deputy City Manager Turner spoke to the operating budget of the ACC for 2010-11 being \$476,141 with Plano's allocation at \$229,499 based on the 2010 population levels. He spoke to the budget providing continued operation of administrative functions and efforts to monitor the guaranteed maximum price. Mr. Turner advised that the project is designed, however the City of Frisco has indicated they are not ready to proceed with bond sales. City Manager Muehlenbeck spoke to operation costs continuing with little benefit to the cities, uncertainty regarding the next steps and addressing accountability. Mayor Dyer spoke to continuing discussion among the mayors. Mr. Turner spoke to the current level of bond funds, responded to Council Member LaRosiliere, advising that the majority of funds are provided for salaries and a commitment of ten years once the City enters the funding agreement. Mayor Pro Tem Dunlap spoke to setting performance standards. Resident Jack Lagos spoke to the ACC using volunteers for fundraising or monies already donated.

Core Business Matrix

City Manager Muehlenbeck spoke to the Core Business Matrix as a leading tool in addressing budgets.

Community Investment Program (CIP)

City Manager Muehlenbeck spoke to the CIP reflecting capital projects funded for the coming year and spoke to the decrease in items. He responded to Mayor Pro Tem Dunlap regarding moving forward with construction of Fire Station #13, but utilizing current staff for operations as an item delayed for the coming year.

Proposed Ad Valorem Tax Rate

Director of Budget and Research Rhodes-Whitley requested direction on funding for grants. The Council discussed possible redistribution of funds and development of funding guidelines for parades. Director of Public Information Conklin responded to the Council regarding fundraising and this being the first time parades were considered by the Cultural Affairs Commission. The Council stated a consensus to increase funding of the Christmas parade by \$7,444, leaving the Independence Day parade as recommended, and adjusting figures to accommodate the change in the current budget.

City Manager Muehlenbeck spoke regarding the proposed tax rate, adding back unexpected sales tax and franchise fees and increasing the rate by .50 cents to leave a zero surplus and 30 days of operations, advising that this is less than the original 1.49 cent recommendation. He responded to Council Member Harris, advising that service cuts will be needed next year, that the budget is always changing and that current projections stand at an \$11 million deficit. Ms. Rhodes-Whitley advised that should a .50 cent increase be made, the deficit would grow to \$13.5 million. Council Member Smith spoke to consideration of zero-based budgeting. Mayor Pro Tem Dunlap spoke to increasing the rate by 1.49 cents resulting in a surplus to help offset expenditures and if the economy improves reinstate programs/salary increases. City Manager Muehlenbeck spoke to the effective rate which would result in greater reserves.

Council Member Smith spoke in support of a .50 cent increase providing homeowners with a savings and addressing the current budget. Deputy Mayor Pro Tem Miner stated his agreement. Council Member LaRosiliere spoke to addressing long term needs, values of real estate and sales tax staying flat once the economy stabilizes, the projected deficit for 2011-12, expectations of citizens and the rates of mature cities and in favor of increasing up to the effect tax rate. Mayor Pro Tem Dunlap spoke to possible utilization of economic development funds and implementing no tax increase. Mayor Dyer spoke to information provided at bond elections advising that approval would result in a tax increase and the City's positive revenues avoiding that occurrence over the years. He spoke to past reliance on the operations side, the low level of debt service in the City and consideration of the need to move forward on capital improvement projects and further work to determine the tax rate.

Mayor Dyer adjourned the meeting at 4:14 p.m.

Phil Dyer, MAYOR

ATTEST:

Diane Zucco, City Secretary

**PLANO CITY COUNCIL
PRELIMINARY OPEN MEETING
August 23, 2010**

COUNCIL MEMBERS

Phil Dyer, Mayor
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Pat Miner, Deputy Mayor Pro Tem
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Jean Callison

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Bruce Glasscock, Deputy City Manager
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Mark Israelson, Assistant City Manager
Diane C. Wetherbee, City Attorney
Diane Zucco, City Secretary

Mayor Dyer called the meeting to order at 5:06 p.m., Monday, August 23, 2010, in Training Room A of the Municipal Center, 1520 K Avenue. All Council Members were present. Council Member Callison arrived at 5:07 p.m. Mayor Dyer then stated that the Council would retire into Executive Session in compliance with Chapter 551, Government Code, Vernon's Texas Codes, Annotated, in order to consult with an attorney and receive Legal Advice/Litigation; and to receive information regarding Economic Development, Section 551.087 for which a certified agenda will be kept in the office of the City Secretary for a period of two years as required.

Mayor Dyer reconvened the meeting back into the Preliminary Open Meeting at 6:17 p.m.

Consideration and action resulting from Executive Session discussion

No items were brought forward.

Personnel: Reappointments

Senior Citizens Advisory Board

Upon a motion made by Council Member Davidson and seconded by Council Member Callison, the Council voted 8-0 to reappoint Dolvin Mack and John J. Pfister.

Comprehensive Monthly Financial Report

Finance Director Tacke advised that for the month of July 2010, General Fund revenue was the same as a percentage of budget when compared to last year with the Water/Sewer Fund down slightly and the Sustainability Fund up slightly. She advised that actual figures indicate the General Fund is down \$2.3 million as compared to last year due to reductions in ad valorem taxes and franchise fees. Ms. Tacke spoke the level of sales tax being up as compared to the prior year and advised regarding lower General Fund expenses resulting from open positions, a decrease in funding post-employment benefits, and lower utility costs. Ms. Tacke advised that the unemployment rate rose slightly to 7.5%, provided a recap of the real estate market and responded to City Manager Muehlenbeck regarding water usage advising that the City ended the year 5 billion gallons short of the minimum required by contract with the district. She spoke to funding of the environmental facility through monies from Sustainability and Water/Sewer Funds.

Discussion re Heritage Preservation Grant Program

Planning Manager Firgens advised regarding Staff recommended revisions to the program to help agencies become less reliant on City funding including: placing a cap on funding for salaries and operations at the 2009-10 level; new grant recipients may not receive funding for salaries and operations; withholding funding equal to one-third of the grant unless recipients raise funds from outside sources; and requiring grant recipients to provide information from visitor sign-ins to demonstrate a link to increased tourism. She spoke to Staff review of applicant budget statements and volunteer hours to determine the impact of including hours as part of the outside sources.

Ms. Firgens advised regarding Option 1 implementing the one-third match grant requirement in 2010-11; not allowing volunteer hours to count toward the match grant; donated in-kind services and supplies, financial contributions, revenues generated, counting towards the match grant; and which would potentially have the most negative impact on the groups that receive larger funding. She spoke to concern that several of the organizations may not meet the one-third requirement for matching grants. Ms. Firgens spoke to Option 2 which would be phased in and for 2010-11 implement the one-third match grant requirement; allow the volunteer hours to count towards the match grant; and use the federal volunteer hour rate for 2011-12. She advised that in 2011-12 the one-third match grant requirement would continue and the volunteer hours would not count towards the match grant. She spoke to donated in-kind services and supplies, financial contributions, and revenues generated that would count toward match grant and advised that this option would provide an opportunity for organizations to better prepare financially.

Ms. Firgens advised that under Option 3, the City would fund a certain percentage only of each agency's overall total budget based upon their most recently completed fiscal year's expenditures less ineligible expenses and volunteer hours; begin in program year 2011-12; include no match grant requirement; and the Heritage Commission would recommend funding for operations and maintenance and specific projects programs. She spoke to the benefits including less of an administrative burden on the agencies and City staff and being similar to what is done for cultural arts/and community services grants and advised that Option 3 is recommended by Staff.

Ms. Firgens responded to the Council, advising that based on current projections, no agency would receive more than 75% funding and spoke to the impact on Heritage Farmstead and the Plano Conservancy if it were reduced to 67%. She stated that the recommendation would be to implement changes in 2011-12 and Mayor Pro Tem Dunlap spoke to receiving input from the Heritage Commission on funding percentages.

Departmental Reports

City Secretary

City Secretary Zucco introduced Staff in attendance and reviewed responsibilities of the department including records management, mail service, open records requests, action center, preparation of Council packets, ordinance/resolution processing, elections, alcohol license permitting, ordinance codification and legal publications. She reviewed implementation of electronic submittal and review of board and commission applicants for the annual appointment process.

Customer/Utility Services

Assistant City Manager/Customer Utility Services Director Israelson spoke to the core business functions and the volumes of the call center, revenue/collections, systems and billing, field services, and meter reading. He spoke to online services available for review of bills and the fixed network project updating all meters across the City. Mr. Israelson reviewed franchise fees collected and spoke to Staff response to telephone inquiries related to street light outages, an audit of street lights and work on right-of-way agreements with a variety of companies.

Council items for discussion/action on future agendas

No items were discussed.

Consent and Regular Agendas

Mayor Pro Tem Dunlap requested that Consent Agenda Items "B," Bid No. 2010-178-B for the 2009-10 Arterial Concrete Pavement Rehab of Custer Road and "C," Bid No. 2010-186-B for the 2009-2010 Residential Concrete Pavement Rehab, Zone G7 & G4 be removed for individual consideration due to possible conflicts of interest.

Staff requested that Consent Agenda Item "Q," Consideration of an ordinance to add Section 12-100.5 to Chapter 12 (Traffic Code), of the Code of Ordinances to prohibit stopping, standing, or parking of a vehicle within ten (10) feet of a curbside residential mailbox between the hours of 8:00 a.m. and 5:00 p.m., Monday through Saturday be removed for individual consideration.

Nothing further was discussed. Mayor Dyer adjourned the Preliminary Meeting at 7:08 p.m.

Phil Dyer, Mayor

ATTEST:

Diane Zucco, City Secretary

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August 23, 2010

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Diane C. Wetherbee, City Attorney

Diane Zucco, City Secretary

Mayor Dyer convened the Council into the Regular Session on Monday, August 23, 2010, at 7:15 p.m. in the Council Chamber of the Plano Municipal Center, 1520 K Avenue. All Council Members were present.

The invocation was led by Dr. Leon Aduddell of First Baptist Church of Plano and the Pledge of Allegiance was led by Mayor Dyer.

Comments of Public Interest

Citizen Ed Nalley requested the Council consider relocating the Christmas parade to the east side of the City. He spoke to limitations of parking at the current location and the large number of street closures. Mayor Dyer spoke to Staff review.

Consent Agenda

Upon the request of Mayor Pro Tem Dunlap, Consent Agenda Items "B" and "C" were removed for individual consideration due to possible conflicts of interest.

Upon the request of Staff, Consent Agenda Item "Q" was removed for individual consideration.

Upon a motion made by Mayor Pro Tem Dunlap and seconded by Deputy Mayor Pro Tem Miner, the Council voted 8-0 to approve and adopt all remaining items on the Consent Agenda as recommended and as follows:

Approval of Minutes (Consent Agenda Item "A")

August 9, 2010

Approval of Expenditures

Approval of Contract Modification

To approve and authorize Contract Modification No. 4 for the purchase of engineering design services for Communications Parkway – Spring Creek Parkway to Tennyson Parkway in the amount of \$32,583 from Dannenbaum Engineering-Dallas, LLC. This modification will provide for relocation of storm drain system to accommodate adjoining property owner. (Consent Agenda Item “D”)

Adoption of Strategic Plan

Adoption of the City Council Strategic Plan for 2010-2025 (Consent Agenda Item “E”)

Adoption of Resolutions

Resolution No. 2010-8-10(R): To authorize continued participation with the Atmos Cities Steering Committee; authorizing the payment of two cents per capita to the Atmos Cities Steering Committee to fund regulatory and related activities related to Atmos Energy Corporation; and providing an effective date. (Consent Agenda Item “F”)

Resolution No. 2010-8-11(R): To approve the terms and conditions of an Interlocal Agreement by and between the City of Plano, Texas and the Frisco Independent School District; providing terms and conditions for the operation of the Police/School Liaison Program; authorizing its execution by the City Manager; and providing an effective date. (Consent Agenda Item “G”)

Resolution No. 2010-8-12(R): To approve the terms and conditions of an Interlocal Agreement by and between the City of Plano, Texas and the Plano Independent School District; providing terms and conditions for the operation of the Police/School Liaison Program; authorizing its execution by the City Manager; and providing an effective date. (Consent Agenda Item “H”)

Resolution No. 2010-8-13(R): To approve the terms and conditions of Amendment Three to Verizon Business Services Agreement by and between Verizon Business Network Services, Inc. on behalf of MCI Communications Services, Inc. and the City of Plano; authorizing its execution by the City Manager; and providing an effective date. (Consent Agenda Item “I”)

Resolution No. 2010-8-14(R): To nominate Tektronix Texas, LLC ("Tektronix" or the "Company"), to the Office of the Governor, Economic Development and Tourism through the Texas Economic Development Bank for designation as an Enterprise Project under the Texas Enterprise Zone Program pursuant to the Texas Enterprise Zone Act, Texas Government Code, Chapter 2303; and providing an effective date. (Consent Agenda Item “J”)

Resolution No. 2010-8-15(R): To approve the terms and conditions of a Real Estate Contract between the City of Plano and Baccus Partnership, LLC, for the purchase of 73,613 sq. ft. of land and 80,103 sq. ft. of temporary construction easement for Communications Parkway north of Spring Creek Parkway, situated in the H.B. Miller Survey, Abstract 614; authorizing its execution by the City Manager; and providing an effective date. (Consent Agenda Item “K”)

Resolution No. 2010-8-16(R): To authorize the purchase of software maintenance and system support from GIS Information Systems, Inc. d/b/a Polaris Library Systems, a sole source provider for providing maintenance service for the Polaris software system at the Plano Public Library System in the amount of \$82,964 for a twelve month service term, authorizing its execution by the City Manager; and providing an effective date. (Consent Agenda Item “L”)

Adoption of Ordinances

Ordinance No. 2010-8-17: To repeal Ordinance No. 2001-2-27 codified as Section 2-9 Lawsuits and Risk Management of Article I In General, of Chapter 2 Administration of the Code of Ordinances of the City of Plano, Texas and replacing it with a new Section 2-9 to revise the settlement authority of the City Council and the City Manager regarding City claims or lawsuits, and to dissolve the Risk Management Steering Committee; providing a severability clause, a repealer clause, a savings clause, a publication clause and an effective date. (Consent Agenda Item “M”)

Ordinance No. 2010-8-18: To amend Article I of Chapter 14, Offenses - Miscellaneous of the City of Plano Code of Ordinances to add a new section prohibiting the intent to commit prostitution in a public place; providing a penalty clause, a severability clause, a savings clause, and an effective date. (Consent Agenda Item “N”)

Ordinance No. 2010-8-19: To determine the public use, need and necessity for the acquisition of a permanent street easement on a 0.0073 acre (317 square feet) tract of land located in the James Beverly Survey, Abstract No. 120 and situated at the northwest corner of the intersection of Jupiter Road and Summit Avenue, in the City of Plano, Collin County, Texas, for the purpose of constructing, reconstructing and maintaining street and highway facilities and related public improvements in the City of Plano, Collin County, Texas; authorizing the City Attorney to file proceedings in eminent domain to acquire the needed real property; and providing an effective date. (Consent Agenda Item “O”)

Ordinance No. 2010-8-20: To amend Section 12-74(b) of Chapter 12 (Traffic Code) of the Code of Ordinances to establish prima facie maximum speed limits for motor vehicles operating upon Rasor Boulevard, repeal the prima facie maximum speed limits for motor vehicles operating on certain sections of Yeary Road and Farm to Market Road (FM) 544, amend the prima facie maximum speed limits for motor vehicles operating on certain sections of Hedgcoxe Road and Preston Meadow Drive, revise the limits of the speed zones for certain sections of Custer Road and Headquarters Drive, and change the name of Spring Creek Parkway Highway within the corporate limits of the City of Plano; providing a fine for criminal penalties not to exceed \$200.00 for each offense; and providing a repealer clause, a severability clause, a savings clause, a publication clause, and an effective date. (Consent Agenda Item “P”)

Ordinance No. 2010-8-21: To repeal Ordinances 88-1-8 and 2001-6-2 codified as section 1-4 General Penalty; continuing violations of Chapter 1, General Provisions of the Code of Ordinances of the City of Plano Texas and adopting a new section 1-4 General Penalty; continuing violations of Chapter 1, General Provisions of the Code of Ordinances of the City of Plano providing for references to the maximum penalties for specified conduct and to incorporate State requirements for establishing a culpable mental state in any prosecution filed under this Code; and providing a severability clause; a repealer clause, a savings clause; and an effective date. (Consent Agenda Item “R”)

ITEMS FOR INDIVIDUAL CONSIDERATION:

Due to possible conflicts of interest, Mayor Pro Tem Dunlap stepped down from the bench on the following two items which were considered concurrently.

Bid No. 2010-178-B for the 2009-2010 Arterial Concrete Pavement Rehab - Custer Road, N. President George Bush Highway to State Highway 121 to Hencie International, Inc. in the amount of \$909,115 and authorizing the City Manager to execute all necessary documents. (Consent Agenda Item "B")

Bid No. 2010-186-B for the 2009-2010 Residential Concrete Pavement Rehab, Zone G7 & J4 to Jerusalem Corporation, Inc. in the amount of \$1,591,765 and authorizing the City Manager to execute all necessary documents. (Consent Agenda Item "C")

Upon a motion made by Deputy Mayor Pro Tem Miner and seconded by Council Member Harris, the Council voted 7-0 to approve Bid No. 2010-178-B for the 2009-2010 Arterial Concrete Pavement Rehab – Custer Road to Hencie International, Inc. in the amount of \$909,115 and Bid No. 2010-186-B for the 2009-2010 Residential Concrete Pavement Rehab to Jerusalem Corporation, Inc. in the amount of \$1,591,765.

Mayor Pro Tem Dunlap resumed his seat at the bench.

Consideration of an ordinance to add Section 12-100.5 to Chapter 12 (Traffic Code), of the City of Plano Code of Ordinances to prohibit stopping, standing, or parking of a vehicle within ten (10) feet of a curbside residential mailbox between the hours of 8:00 a.m. and 5:00 p.m., Monday through Saturday within the City limits of the City of Plano; providing a fine for criminal penalties not to exceed \$200.00 for each offense; and providing a repealer clause, a severability clause, a savings clause, and an effective date. (Consent Agenda Item "Q")

Deputy City Manager Glasscock spoke to the item addressing concerns that vehicles parked in front of mailboxes prevent delivery. He spoke to the efforts of Police and Traffic Engineering Staff to address issues and requested the Council table the item for further review. James Schulze representing Dallas North Estates, spoke to the lack of enforcement of current parking ordinances.

Upon a motion made by Deputy Mayor Pro Tem Miner and seconded by Council Member LaRosiliere, the Council voted 8-0 to table the request.

Public Hearing and consideration of an Appeal of the Planning & Zoning Commission's Denial of Zoning Case 2010-09 - Request to rezone 7.1± acres located on the east side of North Star Road, 710± feet south of Plano Parkway from Research/Technology Center to Planned Development Research/Technology Center. Applicant: The Assured Group (Regular Agenda Item "1")

Director of Planning Jarrell advised the Council that the request is an appeal of the Planning and Zoning Commission's denial and proposes an addition to the base zoning of Research/Technology to allow mini-warehouses and recreational vehicle (RV) storage and stated concerns of the Commission that this would "chip away" the district, add uses not allowed by right or specific use permit elsewhere in the district, and be inconsistent with other businesses.

Public Hearing and consideration of an Appeal (cont'd)

Ms. Jarrell advised that approval by the Council would require a three-quarter vote and spoke to receipt of letters in support from area businesses. Ms. Jarrell responded that no more than one-half of the property could be used for RV storage as an accessory use.

Mayor Dyer opened the Public Hearing. Mike Anderson, representing the applicant, spoke to the company's history, reviewed the site plan and spoke to support of area businesses. He spoke to providing an incubator space for new/small business; the need for RV parking; and advised that if approved, self storage would be limited to 66 units and parking for RV's to 60 spaces with the number of enclosed spaces at ten. Mr. Anderson responded to Deputy Mayor Pro Tem Miner regarding occupancy levels at other company locations and advised that the property is under option for purchase. No one else spoke for or against the request. The Public Hearing was closed.

Mr. Anderson responded to the Council, advising that large storage units would be for RV parking only, that there would be no access from the adjacent middle school, and spoke to the unusual size/shape of the property, and possible restricted uses for office/warehouse. Ms. Jarrell responded the Council, advising that there are no prohibitions on small (incubator) spaces; spoke to the expansion of a storage center with RV parking at Los Rios and 14th Street; and advised that Light Commercial, Light Industrial or Corridor Commercial would allow RV storage and that mini-warehouse is allowed in Retail with a specific use permit but not RV storage. She spoke to considering the overall use rather than caps, which may prove difficult to monitor.

Mayor Dyer spoke to development of the R/T district, other locations for self storage and made a motion to deny the request which Mayor Pro Tem Dunlap seconded. Council Member LaRosiliere spoke to review of the district and development of a strategic view going forward. Mr. Anderson requested future consideration of another plan.

Mayor Dyer amended the motion and restated it as denial of the request without prejudice. Mayor Pro Tem Dunlap seconded the amended motion and the Council vote 8-0 in favor. The motion carried.

Public Hearing on the FY 2010-11 City Manager's Recommended Budget and the FY 2010-11 Proposed Community Investment Program (CIP). (Regular Agenda Item "2")

City Manager Muehlenbeck spoke to the challenges of budget preparation, the loss of \$1 billion in property values, the erosion of sales tax revenue, Council cuts and the recommended increase solely for debt service. He stated concern regarding borrowing from operations and maintenance to support debt, the \$11 million deficit for 2011-12 and future cuts affecting service levels.

Mayor Dyer opened the Public Hearing. Resident Kevin Anderson spoke to the possibility that an increase may start a trend, in support of a .5 increase and to possible savings by changing the long-term liability on employee medical coverage. Resident Mike Openshaw spoke to delaying projects other than safety and transportation. Resident Jim Bright requested inclusion of a sunset provision on any tax increase. Resident Grady Firmin requested review of employee benefits. Resident James Harbor spoke to increased insurance costs being passed on to employees and in support of the recommended increase.

Public Hearing (cont'd)

David Hicks, representing Plano Gateway, spoke to corporate interest in Plano and in support of a small tax increase to maintain services. No one else spoke and Mayor Dyer closed the Public Hearing.

Discussion of the FY 2010-11 City Manager's Recommended Budget and the FY 2010-11 Proposed Community Investment Program (CIP). (Regular Agenda Item "3")

Director of Budget and Research Rhodes-Whitley spoke to additional revenues received from sales tax and franchise fees and to options for Council consideration: 1) City Manager Muehlenbeck's recommendation of increasing the tax rate 1.49 cents for the debt side to a rate of 50.35 cents per \$100 valuation which results in 30 days of working capital, \$2.3 million for reserves to address the anticipated deficit in 2011-12, and an increase for the average homeowner of \$14.15; 2) increasing the tax rate by .50 to 49.36 cents resulting in 30 days of working capital, no reserves, and a decrease of \$5.32 for the average homeowner; 3) increasing the tax rate to the effective rate of 52.03 cents resulting in the required 30-days of working capital, a surplus of \$6.5 million for reserves and an increase of \$47.18 for the average homeowner; or 4) maintaining the current tax rate of 48.86 cents by either reducing funds in the General Fund or utilizing a transfer of \$1.1 million for debt service resulting in a decrease of \$15.15 for the average homeowner.

Ms. Rhodes-Whitley responded to Council Member Smith, advising that the Equipment Reserve Fund has a balance of \$10 million, provides cash to purchase items including fire trucks and rescue tools, and spoke to a possible transfer of \$500,000 in funds. She spoke to the Disaster Relief Fund providing cash-on-hand to be used while awaiting reimbursement from FEMA for expenses, recent use for overtime related to storm debris collection, a balance of \$1.2 million and a possible transfer of \$500,000. Ms. Rhodes-Whitley spoke to consideration of the Capital Reserve Fund by bond rating companies and advised its balance is \$20 million. City Manager Muehlenbeck spoke to the importance of the economic development fund in bringing business to the City and consideration of fund reserves, advising they would represent one-time reductions. He responded to the Council that in the event of an emergency, the 30-day fund would be utilized followed by Capital Reserve Funds.

Mayor Pro Tem Dunlap spoke to either no increase or the City Manager's recommendation of a 1.49 cent increase. He spoke to items provided since the early 1990's with no tax increases including screening wall replacements, homeland security responsibilities, infrastructure repair, increased social service funding, enlarged library and parks/recreation services and reduced income from franchise fees, loss of development fees, and the cost of federal/state mandates. He spoke to citizen expectations and the quality of services provided in the City. Council Member Smith spoke in favor of no tax increase, citing promising sales tax figures and recognizing the economic challenges of citizens. Council Member Davidson spoke regarding no tax increase, reconsideration of closing libraries on Sunday, and the challenges of 2011-12. Deputy Mayor Pro Tem Miner stated support for no tax increase. Council Member Harris stated concern regarding the impact of utilizing reserve funds and stated support for a .5 cent increase as did Council Member Callison. Council Member LaRosiliere spoke to the business model of the City, use of the General Fund when there was growth, the low debt ratio and its impact on the bond rating, the impact on employees and in support of the City Manager's recommendation of a 1.49 cent increase.

Mayor Dyer spoke to efforts to cut the budget and raise the tax rate to pay for debt, but stated support for no tax increase recognizing the current economic challenges to citizens.

The Council directed Staff to prepare documents with no tax increase with Council Members LaRosiliere and Callison expressing opposition.

City Manager Muehlenbeck provided the Council formal notification of his plans to retire on January 31, 2011, citing the 23 years of service in Plano as the highlight of his career.

Nothing further was discussed and Mayor Dyer adjourned the meeting at 9:13 p.m.

Phil Dyer, MAYOR

ATTEST:

Diane Zucco, City Secretary

PLANO CITY COUNCIL
August 26, 2010

COUNCIL MEMBERS

Phil Dyer, Mayor
Lee Dunlap, Mayor Pro Tem
Pat Miner, Deputy Mayor Pro Tem
Ben Harris
André Davidson
Lissa Smith
Harry LaRosiliere
Jean Callison

STAFF

Thomas H. Muehlenbeck, City Manager
Frank Turner, Deputy City Manager
Bruce Glasscock, Deputy City Manager
LaShon Ross, Deputy City Manager
Mark Israelson, Assistant City Manager
Diane C. Wetherbee, City Attorney
Diane Zucco, City Secretary

The Plano City Council met informally at 7:06 p.m., Thursday, August 26, 2010, at Plano Sports Authority StarCenter, 6500 Preston Meadow, Plano, Texas. All Council Members were present with the exception of Council Member Callison. Mayor Dyer welcomed those in attendance and introduced Council and Staff. He spoke regarding the structure of the Council where all members represent citizens across the City.

FY 2010-2011 Budget

Director of Budget and Research Rhodes-Whitley spoke to the \$15 million deficit projected on March 3, 2010 and \$14 million deducted by Council during worksessions. She spoke to the loss of 129 full-time and 17 part-time positions, a \$5 million decline in ad valorem taxes, the City Manager's recommendation of a 1.49 cent tax increase for debt, and Council's direction of no tax increase resulting in a lower bill for the average homeowner. Ms. Rhodes-Whitley spoke to increases scheduled by the North Texas Municipal Water District and responded to questions advising citizens that the City does not control homeowner association fees, the deficit for 2011-12 is \$15-16 million and stated there have been some service reductions, but that nothing has been eliminated. City Manager Muehlenbeck advised that the City has 2,000 employees.

Economic Development Progress Report

Plano Economic Development Board Director Bane spoke to creating job opportunities, diversifying the economic base to cushion against economic shock, and increasing the tax base. She spoke to contributions made by companies and efforts of the Economic Development Board through outreach and recruitment; retention and expansion; marketing and redevelopment. Ms. Bane reviewed recent projects, industry targets, utilization of the web site, challenges and opportunities. She responded to questions, advising that 11% of the City's business sector is manufacturing, and spoke to use of the incentives in capturing business and the benefit of the City's nearly 50% commercial development. She spoke to review of the number of employee positions when companies are in contract for incentives and to disbursing grants among companies of different sizes.

Community Investment Projects (CIP); Street Repairs/Improvements/Resurfacing including Review of Park Boulevard Corridor Intersection Improvements

Director of Public Works/Engineering Upchurch spoke to erosion control efforts at various locations, replacement of screening walls, drainage improvements, alley replacements and repair of aging infrastructure taking up a large portion of the Community Investment Program. He spoke to future intersection improvements along the Park Boulevard Corridor and responded to citizens, advising that traffic analysis indicates improvements can be made to these locations, monies coming from federal funding (80%) and Collin County (20%) and spoke to the timeframe for construction and procedures for right-of-way acquisition. Mr. Upchurch spoke to speed limits/traffic signal locations determined by traffic studies and stated that timing of improvements to Independence Parkway/Park Boulevard will be reviewed.

Carpenter Recreation Center Renovations

Director of Parks and Recreation Fortenberry spoke to the opening of the Carpenter Recreation Center in 1990, approval of bond referendums in 2005/2009 for renovation and removal of construction of a warm-water pool due to operations/maintenance costs. She spoke to additions of a 5,000 square-foot fitness area, new locker rooms, family changing room and additional parking as well as renovations to the restrooms, gymnasium viewing area, exercise rooms, and lobby. Ms. Fortenberry spoke to future additions of the warm-water pool and outdoor skate park. She advised regarding construction costs, beginning in November with a target completion of 2011. Ms. Fortenberry responded to citizens, advising regarding flooring replacement, retention of the indoor track and stated that the building will be closed during construction. She spoke to future expansion of weight rooms at other locations and DART's approval of \$50,000 funding towards the Senior Rides Program.

Fire Station #4 Renovations

Assistant Chief Thompson reviewed plans to renovate Fire Station #4 which represents the rescue division. He advised that the renovation was approved in the 2005 bond election and includes construction of apparatus/vehicle storage, living quarters, and training space/equipment. Assistant Chief Thompson responded to citizens, advising regarding the cost-effectiveness of new construction, locations based on response time, and future renovations of other stations. He spoke to engines accompanying medical calls due to their response time and availability, ambulance response rates and advised that nearly one-half of staff are trained medics.

Open Questions and Answers

City Manager Muehlenbeck responded to a citizen regarding stoppage of unwanted newspapers. Mayor Dyer spoke to Council review of a ban on parking near mailboxes and advised that the Arts of Collin County is currently on hold awaiting a decision from the City of Frisco. City Manager Muehlenbeck spoke to Staff meetings with owners of Collin Creek Mall. Director of Property Standards O'Banner spoke to signage in front yards, advising that those for home occupation are not allowed. Director of Sustainability and Environmental Services Nevil spoke to water management procedures in place. Mayor Dyer spoke to struggling businesses and the hope that the market will improve. Oncor Area Manager Michael Baldwin advised that leaning power pole locations will be reviewed. Mr. Upchurch advised that businesses are notified when road projects are scheduled.

Mayor Pro Tem Dunlap thanked those in attendance. The session was closed at 8:52 p.m.

Phil Dyer, Mayor

ATTEST:

Diane Zucco, City Secretary