

PLANO CITY COUNCIL
Budget Work Session
August 16, 2014

COUNCIL MEMBERS PRESENT

Harry LaRosiliere, Mayor
Lissa Smith, Mayor Pro Tem
Ben Harris, Deputy Mayor Pro Tem
Pat Miner
André Davidson
Jim Duggan
Patrick Gallagher
David Downs

STAFF PRESENT

Bruce Glasscock, City Manager
Frank Turner, Deputy City Manager
LaShon Ross, Deputy City Manager
Jim Parrish, Deputy City Manager
Mark Israelson, Assistant City Manager
Paige Mims, City Attorney
Lisa C. Henderson, City Secretary

Mayor LaRosiliere convened the Council into the Budget Work Session on Saturday, August 16, 2014 at 8:04 a.m. in the Senator Florence Shapiro Council Chambers of the Plano Municipal Center, 1520 K Avenue. A quorum was present.

Request for Public Input on Budget & CIP

No one appeared to speak.

Budget Worksession Overview

Highlights of 2013-14/Outlook for 2014-15

City Manager Glasscock advised the budget is balanced and has 30 days of operating funds, is consistent with Council policy, and maintains the current tax rate of 48.86 cents per \$100 of assessed property valuation.

Council Items and Issues for Discussion

Mayor LaRosiliere stated he would like to speak about the Buffington Grant. City Manager Glasscock asked the Council if they would like to add the grant discussions to the Saturday Budget Work Session. The Council discussed the option of combining the sessions and determined the two sessions would remain separate.

Operating Budget

Revenues – Ad Valorem Tax Base; Tax Rate - Effective and Rollback Rates: Sales Tax; Water & Sewer Rates – Proposed Rate Increases and Conservation Rate; Municipal Drainage Rates – Residential and Commercial; and Parks and Recreation Fees - Recreation Center Memberships.

Director of Budget and Research Rhodes-Whitley spoke to assessed property values of \$28.8 billion and advised that 50% of property is residential and 50% commercial. She reported the loss of revenues from ad valorem tax exemptions, history of the tax rate and the proposed rate of 48.86 cents per \$100/valuation which exceeds the effective tax rate and rollback rate, requiring additional public hearings. Ms. Rhodes-Whitley reviewed sales tax revenue trends. She stated sales tax collection for the first nine months of FY 2013-14 is up \$2.6 million compared to last year and sales tax revenue generated from liquor sales is estimated at \$1.2 million. Ms. Rhodes-Whitley spoke to the division of sales tax revenue generated from retail sales versus business-to-business sales and provided sales tax information by geographical area.

Ms. Rhodes-Whitley spoke regarding communication from the North Texas Municipal Water District (NTMWD) indicating they will increase the water (10%) and waste water rates (2.5%) and she spoke to the rate increase to \$7.50 per 1000 gallons for residential customers using more than 30,000 gallons per month. She advised regarding the recommendation to pass through a water rate increase of 10% and a wastewater increase of 2.5% effective November 1 and spoke to the loss of \$12.9 million through the district's "take-or-pay" contract with a potential reimbursement from the district of \$2.9 million for unused operation/maintenance costs. City Manager Glasscock advised the Council regarding the District's drive to increase conservation being in conflict with "take-or-pay" nature of the contract.

Ms. Rhodes-Whitley spoke regarding the Municipal Drainage Fund primarily used for infrastructure projects to: improve drainage or address erosion; maintain and clean drainage systems; and develop programs to prevent pollutants from entering the system. She advised that due to projects not coming to fruition, the residential rate will decrease and the non-residential rate will remain the same for FY 2014-15.

Recreation Services Manager Hall presented the proposed changes to the annual recreation center membership fees to accommodate for cost recovery. She stated the membership fees were last increased in 2008, with program fees adjusted in 2011 and month-to-month fees added in 2012. Ms. Hall proposed fees of youth - \$95, adult - \$155, senior - \$119, and family - \$399 with a 10% loyalty discount available and noted all proposed fees are below the average fees of other area cities. Council Member Downs stated he would like to see the senior rate remain the same. Ms. Hall advised a financial assistance program is available reducing the rate by 50 percent. The Council stated concurrence with the proposed membership fee increase.

The Council took a brief recess at 9:00 a.m. and reconvened at 9:10 a.m.

Program Changes

Salary Adjustments/Increase

Deputy City Manager Parrish spoke to the compensation philosophy targeting the City's range midpoints at median plus five percent of the actual averages being paid in the market. He stated a market comparison was performed and updated in 2014 comparing approximately 150 positions at nine benchmark cities to evaluate actual average pay and midpoints of job grades. Mr. Parrish reported midpoints are 1.2 % under median plus 5% and actual pay was 0.3% under market with 63% of employees below the midpoint and 43% in the lower third of range. He stated for civil service employees, the Police Department was 1.6 % above median plus 5% and Fire Department was 2.3% above median plus 5%. Mr. Parrish spoke to the recommendation of a 3% across-the-board increase for non-civil service employees, a 3% increase for civil service with 3% step-up adjustments, and a 3% increase for the maintenance and skilled craft step-up plan.

Health Plan Update

Deputy City Manager Parrish reported for the 12 month period ending June 30, 2014, medical claims decreased 12%, dental claims increased 6%, and pharmacy claims increased 11%. He stated a reduction in cancer and catastrophic claims was a main cause of the reduction of medical claims. Mr. Parrish stated an emphasis on prevention, disease specific attack plans, knowledgeable consumers, member accountability and data analysis are priorities for the upcoming year. He outlined the wellness initiatives, plan design changes, use of Compass for cost savings, and employees receiving a physical and contacting Compass to receive an incentive for reduced medical premiums.

Mr. Parrish advised that 2015 changes include a monthly employee premium increase to \$104.00 with a \$50.00 incentive available for completing a physical and contacting Compass reducing the cost to \$54.00 monthly. He spoke to 2016 premium incentive requirements of an annual physical, contacting Compass, and smoking cessation. Mr. Parrish stated the program will have continued review to make plan design changes to allow employees easier access to benefits.

Police SSI Index

Police Chief Greg Rushin spoke to the budget request addressing the need to add eight Patrol Officers to Sector D, the largest Sector of the City located on the west side of the City. He reported Plano has 1.31 Officers per 1,000 citizens, which is below the Metroplex average of 1.54. Chief Rushin stated the department has not added Patrol Officers since FY1997-98 and the Service Standard Index (SSI) helps determine the departments staffing needs. He advised many factors influence the SSI and once the need for staffing is determined it will take 12-18 months to hire and train personnel. Chief Rushin stated the additional officers will reduce the beat size, allow for greater visibility, reduce call times, and provide for less call stacking. He advised the Council of future staffing needs in business centers, investigation of technology crimes, a surveillance unit, a warrants unit, and community outreach. In response to Council Member Gallagher, Chief Rushin responded attrition is mainly from retirement not staff moving to other cities.

Fire –First Responders Update

Chief Crawford provided an overview of the department stating the department has a budget of \$47.7 million, 352 personnel, 13 fire stations, and responded to 22,124 calls in 2013. He added due to the majority of EMS service being provided to the aging population in Plano, the department has partnered with area hospitals to develop a community oriented paramedic type program to be proactive and not reactive. Chief Crawford stated with the program the department checks on residents to make sure follow-up care is provided and safety needs are met. He discussed the success of the Medical Priority Dispatch program increasing available man hours by 1,863 hours, the EMS average response time, and the City's CPR survival rate is among the highest in the nation. Chief Crawford spoke to the required monthly reporting at field operation level, the Rescue Squad program, and administrative reorganization. He stated the reports are available on the Fire Department website.

Chief Crawford addressed the FY 2014-15 budget requests. He spoke to the need for additional personnel to fill in during holiday, vacations, and leave time to offset overtime costs and additional funding for command staff reorganization department restructuring. Chief Crawford reported for education and training purposes the budget includes 13 Smart TV's. He presented information regarding the PulsePoint phone application to allow for faster response time for people in need of CPR. Chief Crawford advised future needs include relocation of Fire Station #7 closer to the Windhaven Parkway/Spring Creek Parkway area, a third field Battalion Chief, an additional Engine Company and movement the current Ladder Company.

Great Update Rebate

Director of Planning Day discussed the Great Update Rebate program. She presented the signs used to market the program. Ms. Day spoke the areas projects are located and that there are 34 projects underway with \$134,304 encumbered and 7 projects have been completed with a rebate amount of \$30,064. She stated the average time from the first meeting to start date is 9 days and initial inspections are typically performed the next business day. In response to Council, Ms. Day stated exterior improvements are paid at a higher rate than interior updates to encourage exterior improvement. She provided before and after photographs of completed projects and cited positive comments from program participants. Ms. Day advised with the success of the program the allocated funding will be depleted by the 3rd Quarter of FY 2014-15. City Manager Glasscock stated funding can be addressed in the FY 2015-16 or Council may discuss later in the year to allocate additional funds.

1st Choice Neighborhood Enhancement

Director of Planning Day stated Staff is reviewing programs to encourage neighborhood health and provided a brief history of the process and how it meets the City pillar of Vibrant and Renewing Neighborhoods. She advised the matching grant program is to encourage neighborhood vitality and beautification and provided pictures from similar programs throughout the state and nation. Ms. Day stated typical projects may include improvements to entry ways into subdivisions, screening walls, and public art projects and the projects would need to be initiated by a mandatory or voluntary homeowners or neighborhood association. She advised the matching grant program will be designed and brought back to Council for review if they support the program.

The Council stated concurrence in supporting the project and requested Staff to bring back a program for review.

The Council took a brief recess at 10:49 a.m. and reconvened at 11:05 a.m.

Community Investment Program

Director of Budget and Research Rhodes-Whitley spoke to planned Community Investment Program expenditures of \$158 million for streets, capital reserve, parks and recreation, water/sewer, municipal facilities, and municipal drainage projects. She spoke to the projected General Obligation Bond sale of \$34,645,000 for Park & Athletic Facilities, Recreation Centers, Public Infrastructure and Public Safety Facilities and projected Certificate of Obligation sale of \$6,750,000 for upgrades to telephone systems, the Public Safety radio system, and the permitting, licensing, and land management system. She further advised that the capital reserve should meet the 75% annual goal in 2016.

Proposed Ad Valorem Tax Rate

Ms. Rhodes-Whitley reviewed related Public Hearing dates of August 25 and September 3 with tax rate adoption on September 8, 2014.

Mayor LaRosiliere spoke to the Buffington Grant funding and would like to see the funding amount increased for the 2015-16 fiscal year due to the rise in poverty in the City. Council Member Davidson agreed stating she would like to see the funding return to \$2 per capita. The Council concurred with the funding change for FY 2015-16, Deputy Mayor Pro Tem Harris and Council Member Downs would like to see the increase offset by other expenditures.

Nothing further was discussed. Mayor LaRosiliere adjourned the session at 11:26 a.m.

Harry LaRosiliere, MAYOR

ATTEST:

Lisa C. Henderson, City Secretary