

PLANO CITY COUNCIL
Budget Work Session
August 13, 2016

COUNCIL MEMBERS PRESENT

Harry LaRosiliere, Mayor
Lissa Smith, Mayor Pro Tem
Ben Harris, Deputy Mayor Pro Tem
Angela Miner
Rick Grady
Ron Kelley
Tom Harrison
David Downs

STAFF PRESENT

Bruce Glasscock, City Manager
Jim Parrish, Deputy City Manager
Jack Carr, Deputy City Manager
Mark Israelson, Deputy City Manager
Paige Mims, City Attorney
Lisa C. Henderson, City Secretary

Mayor LaRosiliere convened the Council into the Budget Work Session on Saturday, August 13, 2016 at 8:00 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

Robbie Robinson spoke in support of the Arts and a new theater. Alex Hargis spoke in support of funding for Art Fest and the Theater Feasibility Study.

Mayor LaRosiliere stated the Council will be making some difficult, but good, decisions, establishing priorities and reinvesting in the community. He added choices are based on strength, not weakness and that the budget includes a property tax decrease, the City absorbing a water rate increase, and upgrading services.

Budget Work Session Overview

City Manager Glasscock thanked the Council for their support and stated it has been a great budget process. He reported an increase in transparency through the budget portal, a town hall meeting, and the use of a Next Door survey which provided a ranking of bucket list items by citizens. Mr. Glasscock advised lowering the tax rate will provide an annual savings of \$26 for the average homeowner with an additional \$75 in annual savings with the City absorbing the water rate increase, for a total annual saving of \$101 which is the equivalent of a 4 cent property tax rate decrease. He spoke to the unfunded budget list items and the funding options. Mr. Glasscock stated the budget is in excellent shape and services were not impacted.

Council Items and Issues for Discussion

No items were discussed.

Operating Budget

Revenues – Ad Valorem Tax Base; Tax Rate - Effective and Rollback Tax Rates; Sales Tax; Water & Sewer Rates – Proposed Rate Increase, Environmental Waste Rates – Proposed Rate Increase, and Golf Course Rates – Proposed Rate Increase.

Director of Budget and Research Rhodes-Whitley spoke to assessed property values of \$34.4 billion with \$2.3 billion from existing property and \$750 million from new growth. She advised the new growth in the Tollway/SH121 area will be reflected in next years assessed values. Ms. Rhodes-Whitley provided a comparison of tax rates of other area cities. She reported the loss of revenues from ad valorem tax exemptions, history of the tax rate and the proposed rate of 47.86 cents per \$100/valuation which exceeds the effective tax rate and but does not exceed the rollback rate. Ms. Rhodes-Whitley reviewed sales tax revenue trends. She stated sales tax collection for the first ten months of FY 2015-16 is up \$460,000 compared to last year and a \$1.2 million sales tax audit adjustment will be paid in September. Ms. Rhodes-Whitley spoke to the division of sales tax revenue generated from retail sales versus business-to-business sales and major non-retail industries.

Ms. Rhodes-Whitley advised communication from the North Texas Municipal Water District (NTMWD) indicates a 10% increase in water rates, a 2.3% decrease in waste water rates, and a 7.7% increase in the Upper East Fork Interceptor rates. She recommended absorbing the water rate increase and a 5% increase in waste water rates effective November 1 and spoke to the loss of \$9.8 million through the district's "take-or-pay" contract with a potential reimbursement from the district of \$2.1 million for unused operation/maintenance costs. Ms. Rhodes-Whitley stated a new consultant will begin reviewing rates in the fall and provided water and waste water rates for surrounding cities.

Ms. Rhodes-Whitley spoke to the environmental waste rate increase of \$1.00 for the 95-gallon container, with the 68-gallon container cost remaining the same, and that the rate has not changed since 2008. She discussed the golf course green fee increase of \$1.00 on weekdays and \$3.00 on weekends.

The Council took a brief recess at 9:14 a.m. and reconvened at 9:30 a.m.

Program Changes

Compensation and Benefit Update

Director of Human Resources Akafia spoke to the compensation study performed by an outside public sector consultant, the process, comparison of positions with other public entities and private sector companies, and employees focus group studies. She stated the goal of the study was to attract and retain employees and advised only those below market (37% of employees) and those with compression concerns in need of an in range progression (29% of employees) would receive an adjustment. Ms. Akafia advised this is for non-civil service employees at this time and that civil service employees are at or above market. She reported a 3% across-the-board increase for non-civil service employees and a 3% increase for civil service employees is recommended. City Manager Glasscock stated in 2007 when the comp study was completed, no adjustments were made and the current pay plan was still below the median plus 5% goal. He added the City is not only competing with other cities, private companies are also recruiting staff members.

Health Plan Update

Director of Human Resources Akafia stated an emphasis on prevention, disease specific attack plans, knowledgeable consumers, member accountability, and data analysis are priorities for the upcoming year. She reported for the 12-month period ending June 30, 2016, plan membership increased 2%, plan utilization was 99.5%, and claims decreased 5% due to contracting and plan design. Ms. Akafia outlined the wellness initiatives, plan design changes, strategic partnerships, and stated employees completing a physical, biometric screening, contacting Compass, tobacco cessation programs receive an incentive for reduced medical premiums.

Ms. Akafia advised for 2017 a monthly \$50.00 incentive requirements of an annual physical, contacting Viverae, biometric screening, and continuation of smoking cessation programs. She stated the program will have continued review to make plan design changes to allow employees easier access to benefits.

Benefit Update

Director of Human Resources Akafia spoke to the City employee benefits of the Texas Municipal Retirement System, the Retirement Security Plan, social security replacement plan, and the 115 Trust Plan. She provided detail of the funding and assets for each plan.

SSI Index & Police Staffing

Police Chief Rushin spoke to the budget request addressing the need to add personnel. He reported Plano has 1.32 Officers per 1,000 citizens and the Service Standard Index (SSI) formula helps determine the department's staffing needs. Chief Rushin 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. He stated the additional officers will reduce the beat size, allow for greater visibility, reduce call times, and provide for less call stacking and provided the impact to the SSI ratio at various levels of staffing. Chief Rushin spoke to the unfunded personnel requests and the benefit of staffing the various positions. He discussed areas of future staffing needs.

The Council took a brief recess at 11:02 a.m. and reconvened at 11:15 a.m.

Fire/EMS Service Update

Chief Greif spoke to the standard of excellence for the department and the historic level of call volume. He stated the budget included staffing an additional engine company and 5th truck company and its importance in maintaining the ISO 1 rating. Chief Greif reported the budget also included a Fire Prevention Inspector and a station exhaust capture system. He advised future departmental needs include a turn-by-turn navigation system to expedite response time and command post technology improvements.

Neighborhood Services

Director of Neighborhood Services Schwarz spoke to the success of current neighborhood reinvestment programs, Neighborhood Vitality and Beautification Grants and the Great Update Rebate. She discussed a new Multifamily Incentive Program to improve apartment complexes 15 years and older and stated if funded, a program would be available for Council review in December.

Technology Update

Chief Information Officer Chiancone spoke to the purpose, vision, and values of the department. He reviewed the six pillars of Information Technology; Infrastructure and Service Delivery; Project Implementation; Innovation and Cost Control; Cyber Security; Business Intelligence; and System Integration and impact of each on day to day operations. Mr. Chiancone discussed the “Nextgen” program for future technology needs.

Sports Field Utilization

Director of Parks and Recreation Reeves provided an overview of the athletic fields and participant numbers for higher and lower impact sports and field usage for tournaments. He stated the grass needs a rest period between seasons to recover. Mr. Reeves advised alternative practice spaces are available in neighborhood parks and artificial turf is an option.

The Council took a brief recess at 12:18 p.m. and reconvened at 12:30 p.m.

Community Investment Program

Director of Budget and Research Rhodes-Whitley spoke to planned Community Investment Program expenditures of \$209.9 million for streets, capital reserve, parks and recreation, water/sewer, municipal facilities, and municipal drainage projects and the proposed G.O. Bond sale and Tax Note sale. She further advised that any excess in sales tax revenue can be designated for capital reserves, one-time expenditures, or economic development.

Unfunded Budget List Discussion/Direction

The Council discussed the items on the unfunded budget list and determined the following:

Items Funded

Neighborhood Services

- Pilot Multi-Family Reinvestment Incentive Program – fund \$200,000 from Summit Property Revenue Funds

Arts

- McCall Plaza Programming – fund \$125,000 from Hotel Motel Funds
- HDPA Art Fest 2017 – fund \$25,000 from Hotel Motel Funds
- Temporary Artist Opportunities – fund \$10,000 from Public Art Funds
- Arts Theater Feasibility Study – fund 1st phase with \$30,000 from Hotel Motel funds and PAC contribution of \$15,000
- Courtyard Theater Sign – fund \$15,000 with Public Art Funds

Planning

- Oak Point Special Area Plan – fund \$250,000 from Summit Property Revenue Funds

Parks

- Veterans Recognition Wall – estimated cost \$315,000 to be placed on a bond referendum

Items not Funded

Parks

- Median Mowing
- Field Leveling

Library

- Expand Collection

After discussion, the Council requested City Manager Glasscock review the budget to find options to fund the \$1.4 million in Public Safety staffing.

Proposed Ad Valorem Tax Rate

Ms. Rhodes-Whitley requested the Council provide the upper limit tax rate for the tax notice. Council expressed concurrence to set 48.27cents /per \$100 of valuation as the tax notice rate.

Nothing further was discussed. Mayor LaRosiliere adjourned the session at 1:42 p.m.

Harry LaRosiliere, MAYOR

ATTEST:

Lisa C. Henderson, City Secretary