

**PLANO CITY COUNCIL
SPECIAL CALLED WORKSESSION
August 24, 2006**

COUNCIL MEMBERS

Pat Evans, Mayor
Scott Johnson, Mayor Pro Tem
Sally Magnuson, Deputy Mayor Pro Tem
Shep Stahel
Loretta Ellerbe
Harry LaRosiliere
Jean Callison
Lee Dunlap

STAFF

Thomas H. Muehlenbeck, City Manager
Frank Turner, Executive Director
Bruce Glasscock, Executive Director
Rod Hogan, Executive Director
Diane C. Wetherbee, City Attorney
Elaine Bealke, City Secretary

Mayor Evans called the meeting to order at 5:03 p.m., Thursday, August 24, 2006, in the Council Chambers of the Plano Municipal Center, 1520 K Avenue. All Council Members were present.

First Public Hearing on the Tax Increase for Fiscal Year 2006-2007

Mayor Evans spoke to allocated speaking time for tonight's meeting and opened the Public Hearing.

Dwayne Clark, citizen of the City, spoke in opposition to the submitted budget and tax increase recommendation, and stated that a population increase does not justify a tax increase. He spoke in opposition to unnecessary funds to attract businesses and homeowners, government allocating funding to businesses, and existing businesses being in competition with new businesses. He spoke to there being no process to hand out dollars, in opposition to added congestion with the addition of new businesses, spoke to the small amount of land available for businesses and in support of reducing the tax rate as low as possible, keeping water rates low, having good schools, and spoke in opposition to creating a fund for political favors. Mr. Clark spoke in opposition to unjustified personnel increases, added police and fire department positions, additional fire departments, animal services increases, rental registration and inspection additions and to hybrid vehicles.

Mr. Clark spoke in opposition to recreational center increases, park and recreation center additions/improvements/educational facilities, spoke in favor of reducing the budget in other areas, in opposition to funds for library books and additional libraries, increases in the water/sewer department, recommended transferring dollars into the General Fund, removing unnecessary cost in the departments, stated that citizens can't afford more taxes, and spoke in opposition to the use of blackberries by Staff as a waste. He summarized that the City needs no budget or tax increase and that current needs can be met with added sales tax that has been received and across the board cuts.

Mike Bruning, citizen of the City, spoke in opposition to the proposed tax increase and to concern with the amount of foreclosures, high utility costs and insurance rates in the City.

Bill Ramsey, citizen of the City, spoke to hearing of decisions made in Austin to increase sales tax and not property tax, property tax relief not helping because appraised values will be increased, and stated that \$40 is miniscule but remains as a cost forever. He spoke to sales tax received by the City and to this being more equitable to the budget, asked why the need to spend more dollars than what was originally requested, spoke to utility costs increasing, stated that increasing the property tax is wrong and recommended fixing K Avenue stating it is an eyesore.

Mayor Pro Tem Johnson spoke to the benefits in the City of having Homestead and Over-65 exemptions when compared to other cities. Mr. Ramsey spoke to the appraisal district determining what the taxes will be and to the numbers being higher than where he previously lived, and further stated he does not agree with the proposed use of the property tax increase, that taxes should be held where they are or be reduced, and that economic development funding could be helped by existing businesses contributing more dollars. Council Member Ellerbe spoke to businesses paying 50% or more of the property taxes and to this helping keep property taxes low, and further spoke to the tax rate not having been increased in fifteen/sixteen years and actually being lowered three times.

No one else spoke. Mayor Evans closed the Public Hearing.

Council Member Ellerbe spoke to ensuring that City services continue to be provided and stated that a population staying the same does not diminish services, spoke to providing police and fire services, stated that cities are also affected by increased utility costs, and that the continuing need for services never goes away and further spoke to the importance of replacing the infrastructure in the City. Mayor Evans stated that the population is still growing and that rebuilding infrastructure has become more expensive. She spoke to using dollars for redeveloping the City and K Avenue if a business opportunity presents itself and stated that economic development funding would be available to take advantage of these opportunities and redo older parts of the City.

Council Member Stahel spoke to economic development and the commercial tax rate being important as well as the tax base, being in favor of not increasing the tax rate, using the existing \$6 million in excess sales tax revenue for economic development purposes instead of placing it in the Capital Reserve Fund or towards streets or sewers. He stated that this was a bonus not expected this year and spoke to using the funds for economic development next year. Mr. Stahel spoke to the population going up by 1%, appraised values going up about 2.9%, stated that the two-cent proposed tax rate increase is about 4.3%, spoke to the tax on the typical house going up about 7.2% , stated that the budget will go up about 10.2% compared to this point in time last year to fund services, spoke to the City growing and to the need to provide good services, and to funding economic redevelopment and economic incentives this year with excess sales tax revenue and holding the tax rate where it is. He recommended that in addition to redevelopment and incentive funds, that businesses also consider the costs of property taxes and other fees and services to either come to or stay in the City while also looking at how this might affect their employees. Mr. Stahel spoke to recognizing that a two-cent tax rate increase lowers the attractiveness of Plano.

City Manager Muehlenbeck spoke to Fire and Police Department Staffing formulas to provide safety and security margins for citizen requests and stated that this formula does not take into consideration mandates that are handed down every year from other levels of government without providing dollars to fund them. He stated that good Fire Department ratings save citizen dollars, spoke to the proved feasibility of providing a seventh ambulance, and stated that additional fire stations were also proved by studies to be necessary. The City Manager spoke to the water and sewer funds being treated as enterprise/business funds and paying for themselves. He spoke to fees having been explored and reviewed often with bond rating companies, and discovering when talking to new businesses that other cities have acquired some of the same virtues as Plano and the City no longer being able to rely on this. He stated that tax abatements are not enough anymore, spoke to looking at providing incentives to new businesses that are moving into the City and looking at partnerships of economic development dollars with developers and land owners and being in a position with a financial point of view. The City Manager spoke to the \$6 million being allotted from sales tax and to this type of revenue being volatile and stated that these dollars are already embedded into the budget. He spoke to providing capital projects without having to issue debt, and stated that the City issues bonds every year and has not raised the tax rate to support this. The City Manager spoke to there being additional expenses and to being entrusted in providing City services for the lowest and best cost as can be done.

Mayor Pro Tem Johnson stated that the economic development game has changed, spoke to other cities that do not belong to DART, being able to use the 1-cent sales tax for economic development, cities to the north having these dollars to spend and attract businesses, and stated that the tool proposed is one that can be used judiciously and selectively. He spoke to a diversified tax base in the City and to maintaining our position as a premier city.

Council Member Stahel recommended citizens talk to state representatives regarding changing the sales tax structure with regard to the use of DART, stated that cities to the north pay nothing to DART but use the service, and further spoke to percentages that could then be used for economic development.

Deputy Mayor Pro Tem Magnuson spoke to the importance of running the City as a business and to the best ways to use tax dollars. She stated that after September 11 the City went into a slump, spoke to cuts that were made and further stated that employers need tools to do their jobs. She spoke to not raising the tax rate in sixteen years, experiencing increasing costs, needing expertise here and staying competitive with personnel, needing the businesses, spoke to competition being healthy, more land being available for commercial development, and trying to continue to serve the residents as they deserve. Council Member Callison spoke to the growth potential in east Plano. City Manager Muehlenbeck spoke to property available for corporation relocation, industrial development along the George Bush Freeway, State Highway 121 from Custer Road almost to Preston Road, Preston Road and State Highway 121, and portions of Legacy Drive. Mayor Evans spoke to attracting quality businesses to the City.

Mayor Evans stated that the next Public Hearing on the tax rate will be conducted on August 28 at 7:00 p.m. in the Council Chambers at the Plano Municipal Center. She stated that the 2006-07 Budget is scheduled to be adopted at the September 11 Regular Council Meeting at 7:00 p.m. also in the Council Chambers.

Nothing further was discussed. Mayor Evans adjourned the meeting at 5:51 p.m.

Pat Evans, MAYOR

ATTEST:

Elaine Bealke, City Secretary