

**PLANO CITY COUNCIL  
PRELIMINARY OPEN MEETING  
April 23, 2007**

**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  
Diane Zucco, City Secretary  
Kristy Land, Assistant City Secretary

Mayor Pro Tem Johnson called the meeting to order at 5:08 p.m., Monday, April 23, 2007, in the Council Chambers. All Council Members were present with the exception of Mayor Evans. Mayor Pro Tem Johnson and Council Members Dunlap, Callison, and Ellerbe attended an informal tour of the Interurban Station prior to the Executive Session. Mayor Pro Tem Johnson stated that the Council would retire into Executive Session in Training Room A of the Municipal Center, 1520 K Avenue in compliance with Chapter 551, Government Code, Vernon's Texas Codes, Annotated, in order to consult with an attorney and receive Legal Advice, Section 551.071 for which a certified agenda is not required.

Mayor Pro Tem Johnson reconvened the meeting back into the Preliminary Open Meeting at 5:50 p.m. in the Council Chambers where the following matters were discussed:

**Consideration and Action Resulting From Executive Session Discussion**

No items were brought forward.

## **Personnel Appointments**

### **A. Plano Transition and Revitalization Commission**

Upon a motion made by Deputy Mayor Pro Tem Magnuson and a second by Council Member Callison, the Council voted 7-0 to appoint Sharon Marsh-Wyly as the Community Relations Commission representative to the Plano Transition and Revitalization Commission with an interim term expiring in October of 2008.

### **B. Keep Plano Beautiful Commission**

Upon a motion made by Council Member Stahel and a second by Council Member Ellerbe, the Council voted 7-0 to appoint Karen Mitchell as an interim member to the Keep Plano Beautiful Commission with a term expiring in October of 2008.

## **DART Report**

DART Board of Directors Representative Robert Pope stated that he enjoyed his ten years serving on the Board. Mayor Pro Tem Johnson thanked Mr. Pope for his long and dedicated service to Plano and DART and welcomed new member Linda Paulk. Ms. Paulk spoke to looking forward to serving her term.

## **Comprehensive Monthly Financial Report**

Director of Finance McGrane presented the Comprehensive Monthly Financial Report for March 2007. He spoke to the General Fund being ahead of last year primarily due to an increase in sales tax revenues. Mr. McGrane spoke to a decrease in revenues in the Water and Sewer Fund due to the Stage III drought levels and water conservation efforts. He spoke to operational expenses at Plano Centre, the unemployment level in the City, sales tax comparisons with other cities and good levels in the refuse collection account. Mr. McGrane spoke to a slight dip in housing starts and stated that there has been an increase on the commercial side. He spoke regarding investments and the upcoming bond sale with funds received in June. City Manager Muehlenbeck spoke to the current level of sales tax and being mindful of the possible impact of future retail space in the cities of Allen and Fairview. Mr. McGrane responded to the Council regarding housing values being exclusive of land value.

## **Water and Sewer Rates**

Budget and Research Director Rhodes spoke to revenues being down in the Water and Sewer Fund and to efforts to recover increased costs from the North Texas Municipal Water District (NTMWD). She spoke to the use of the reserve fund balance to offset rates and the reduction in its level to \$2 million. Ms. Rhodes spoke to the recommendation to move to a three-year averaging plan, promoting water conservation and moving the school district from the residential to the commercial rate.

Ms. Rhodes spoke regarding the City's financial policy requiring maintaining 45 days of working capital, but stated that 60 days is preferable and spoke regarding the possible deficits that would be realized if no action were taken to address the situation. City Manager Muehlenbeck spoke to expenditures remaining constant due to the "take or pay" system and Ms. Rhodes spoke regarding the current 20% reduction in usage as compared to last year and the major sewer line break with a total cost of \$8.5 million being paid partially from funds left in the Water and Sewer Debt Fund. She spoke to the current level of \$2 million in the reserve fund and to building it back up.

Ms. Rhodes spoke to the credit on O&M expenses only of twenty cents per 1,000 gallons not used and losses in revenue of \$15.6 million since 2002. She spoke to built-in increases that will happen every year and responded to the Council that the "take or pay" contract will not expire unless it is renegotiated. Ms. Rhodes spoke to the subcommittee's options which include increasing both the water and sewer rates by 5% resulting in 37 days of operation this year and 20 next year; increasing the water rate by 10% and the sewer by 5% providing 56 days of operation in 2007-08; or the one recommended which would increase both water and sewer rates by 5% and all base meters by \$1.00 which would result in 51 days of operation. She spoke to the need to establish a water and sewer reserve policy to offset future rate increases and weather patterns and reviewing the operating expenditures of the Water and Sewer Fund during the budget process.

Ms. Rhodes spoke to the City's rates being in the middle as compared to other cities and to those cities that subsidize rates or may have another provider. Mayor Pro Tem Johnson spoke to putting together a committee to meet with representatives from NTMWD in order to effect a change. He spoke to the City's efforts at conservation and being penalized. Mr. Muehlenbeck spoke to working towards charging the full rate for the delta over previous year's usage rather than a cheaper rate and to the need for approval by all thirteen member cities. He spoke to an upcoming meeting with district members and stated that a subcommittee of the Council or any suggestions would be appreciated. Mr. Muehlenbeck responded to the Council that the "take or pay" system was established to make it clear to those purchasing the debt that it would be taken care of since it guarantees that any City taking water would be contracting for at least their peak usage. He spoke to the district looking at operating expenses and determining debt service in adjusting rates and to the City being charged based on its largest consumption. Council Member Ellerbe spoke to the continuation of conservation efforts even after the drought eases and Mr. Muehlenbeck spoke to adjusting summer water rates to discourage use. He spoke to adjustments allowing citizens to water two different days per week which may be helpful and the difficulty in determining those cities who have had reductions in usage. Ms. Rhodes responded to the Council, stating that the increase would be roughly 12% when considering water/sewer along with the base meter increase and further advised that rates would be effective May 1, 2007. She spoke to building up the reserve fund, the effect of the sewer main break and other cities that could sell debt while Plano is "pay as you go."

### **Council Items for Discussion/Action on Future Agendas**

No items were discussed.

### **Consent and Regular Agenda**

Council Member Dunlap advised that he would be stepping down on Consent Agenda Items "F," Bid No. 2007-119-B for Intersection Improvements 2005 to Jim Bowman Construction Company, L.P.; and "AA," an ordinance to amend 7.1± acres located at the southeast corner of Park Boulevard and Alma Drive from Corridor Commercial to Planned Development-195-Corridor Commercial due to possible conflicts of interest.

Council Member Stahel advised that he would be stepping down on Consent Agenda Items "D," CSP 2007-93-C for Desktop Computers to Dell Marketing L.P. in the estimated annual amount of \$775,695; "I," purchase from an existing contract for replacement Laptop Computers in the amount of \$76,250 from various vendors; "J," purchase from an existing contract for an Upgrade for Sun StorageTek XL700 Tape Library in the amount of \$42,161; and "K," purchase from existing contract for network infrastructure server replacement from Sun Microsystems due to possible conflicts of interest.

### **Council Reports**

Mayor Pro Tem Johnson reported on the Interurban Station Tour and spoke to the museum at Haggard Park being not only educational and historical, but essentially a part of the tourism and convention business in Plano. He spoke to tours held and a mandate by the school district for all fourth graders to tour the facility along with the DART Station, Haggard Park, the Courtyard Theater and the Cox Building highlighting the City's history. Council Member Ellerbe spoke regarding a recently received donation of railroad memorabilia.

Mayor Pro Tem Johnson spoke to Council Members attendance at a recognition of the school district's Outdoor Learning Center at Williams High School. He referenced the thirty years of environmental instruction and education provided and spoke to the collaboration between the City and school district to benefit the entire community.

Nothing further was discussed. Mayor Pro Tem Johnson recessed the meeting at 6:43 p.m.

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**Scott Johnson, Mayor Pro Tem**

ATTEST

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**Kristy Land, Assistant City Secretary**