

**PLANO CITY COUNCIL  
PRELIMINARY OPEN MEETING  
July 26, 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  
John Gilliam, First Assistant City Attorney  
Elaine Bealke, City Secretary

Mayor Evans called the Preliminary Open Meeting to order at 5:06 p.m., Wednesday, July 26, 2006, in the Council Chambers, 1520 K Avenue. All Council Members were present with the exception of Council Member Callison. The following matters were discussed:

**Presentation of the 2006-2007 Recommended Budget and Proposed Community Investment Program (CIP) to City Council**

City Manager Muehlenbeck advised regarding the recommended operating budget and proposed Community Investment Program for fiscal year 2006-07 and stated that the proposed total budget of \$366.7 million represents an increase of \$28.5 million over the 2005-06 re-estimated budget and provides the financial resources to maintain service levels. He stated that the proposed budget represents an increase of \$3.8 million to be dedicated solely to economic development incentives and that previous discussions at Council retreats involved developing a fund for both new and redevelopment incentives. Mr. Muehlenbeck spoke to competition from neighboring cities able to offer relocation incentives through additional half cent sales tax collections. He spoke to funding the proposed increase through a one-cent tax rate increase from the current tax rate of 45.35 cents to a proposed tax rate of 46.35 cents which amounts to \$19.57 per year for the average homeowner. Mr. Muehlenbeck spoke to there being no tax rate increase over the past sixteen years, years where the tax rate was decreased, and to a tax rebate given during one year.

Mr. Muehlenbeck stated that the recommended budget includes an additional \$2.6 million in Community Investment Projects scheduled to come on line which will incorporate adding 27 new full-time employees and 75 new part-time employees, and further spoke to increased costs associated with the rising cost of energy and fuel and to costs associated with Hurricane Katrina. He spoke to a recommended 4% salary increase across the board for civil service employees and a 4% of payroll increase to fund merit raises for non-civil service employees. Mr. Muehlenbeck stated that information regarding the implementation of GASB 45 requires a change from "pay as you go" accounting for post-employment benefits to an accrual basis for local and state governments. He stated that this will be funded at \$7.5 million and that more information will be presented regarding this at the upcoming August 19 budget worksession. Mr. Muehlenbeck stated that the recommended budget also includes a total of 61 new full-time employees and 76 part-time employees, over \$3 million for Public Safety additions, \$3 million for additional North Texas Municipal Water District (NTMWD) costs, and \$800,000 for library books.

Director of Budget and Research Rhodes spoke to the 2006-07 \$366.7 million proposed budget expenditures of which 26% is allocated for Public Safety, 25% allocated for Water and Sewer, 15% allocated for General Government, and 11% for Debt Service. She stated that General Fund Revenue is projected at \$187 million divided into \$67.2 million for property taxes, \$57.6 million for sales tax, and \$62.7 million for all other revenue which is divided into building and development, park/recreation fees, library fines, and municipal court fees. Ms. Rhodes stated that final projections from the Central Appraisal District (CAD) identify assessed property values at \$22.8 billion for 2006-07 with single family home values now averaging at \$244,661, thereby increasing the total tax base \$1.2 billion. She stated that lost property tax revenues totaling \$21.2 million in assessed property values are due to exemptions and tax freezes.

Ms. Rhodes spoke to the proposed tax rate of 46.35, stated that information regarding the effective tax rate and rollback rate will be available by August 1 from the Central Appraisal District and spoke to the requirement of holding two additional Public Hearings on the tax rate. She reviewed the tax rate table of surrounding cities identifying the low tax rate in Plano, spoke to audit adjustments that will be taken into consideration when determining sales tax revenues, stated that building and development revenues are doing well, and spoke to rate change increases proposed by the NTMWD for water and sewer, a 17% decrease in water consumption with the current Stage Three restrictions, the take-or-pay contract projections, and to environmental waste container increases.

Ms. Rhodes spoke to General Fund expenditures totaling \$209 million and stated that salary, wages, and benefits consume most of the costs at 69%, and 18% for contractual. She spoke to Public Safety increases at \$3 million, NTMWD increases totaling \$3 million, Community Investment Projects at \$2.6 million, a 10% health insurance increase due to GASB 45 to pre-fund post employment benefits, stated that retiree payouts for the upcoming year are assumed to be \$1.5 million, library books are at \$800,000, parks and recreation is \$556,000, spoke to an increase in benefits for the Retirement Security Program at \$600,000 and TMRS increases to \$302,000.

Ms. Rhodes spoke to the Sustainability initiative funded at \$170,000, reviewed the Community Investment Projects coming on line to include the Tom Muehlenbeck Center, two additional fire stations, and various park improvements and animal shelter expansion. She stated that the new total for employees per 1000 citizens will be 8.44 employees, the CIP program totals are \$105.8 million mostly used for streets, followed by parks, and finally by the Capital Reserve. Ms. Rhodes stated that the CIP will be reviewed in depth at the August 14 Council Worksession.

Mr. Rhodes reviewed the upcoming budget calendar which includes Public Hearings on August 24 and August 28, presentations on the operating budget and the CIP, and approval of the appraisal roll. She spoke to the August 19 Saturday budget worksession, and stated that the Council adopts the operating budget, CIP, and the tax rate on September 11, and finally October 1 begins the new fiscal year. Ms. Rhodes responded to the Council that sales tax projections are \$6 million more than originally projected, the population increase is .5 %, and further that it is difficult to obtain detailed retail sales tax information.

Nothing further was discussed. Mayor Evans adjourned the meeting at 5:36 p.m.

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Pat Evans, **MAYOR**

ATTEST:

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Elaine Bealke, City Secretary