

PLANO CITY COUNCIL
Budget Worksession
August 19, 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 convened the meeting into open session at 8:02 a.m. Saturday, August 19, 2006, in the Council Chambers of the Plano Municipal Center, 1520 K Avenue. All Council Members were present.

Request for Public Input on Budget and CIP

Mayor Evans invited those in attendance to provide comments.

Keith Dagen, citizen of the City, spoke in opposition to a property tax increase based on revenue projections for this year's budget and stated that all revenue sources should be looked at. He stated that the amount proposed for economic development identified in the tax increase will not go far and recommended keeping the tax rate either where it is or at a lower rate.

No one else spoke. Mayor Evans stated that comments may be taken further on during other items.

Budget Worksession Overview

Highlights of 2005-06/Outlook for 2006-07

City Manager Muehlenbeck stated that sales tax is projected to increase \$6.5 million over last year's actual collections and is re-estimated at \$58.8 million.

He spoke to \$1.2 million in prior audit adjustments, seeing double digit increases in sales tax, seeing only a 1% increase in sales tax for the month of July, and further spoke to remaining conservative. Mr. Muehlenbeck spoke to interest earning projections, the improvement in the economy as a whole, building and development related revenues exceeding original budget expectations due to commercial development, and to this all working in conjunction with the recommendations to increase economic development efforts. He stated that salary and benefit savings equaled approximately \$3 million due to employee attrition, departmental hiring delays and to decreased health insurance costs.

Mr. Muehlenbeck stated that the total budget of \$369 million represents an increase of \$29.8 million over the 2005-06 re-estimated budget, final projections from the Central Appraisal District state that assessed property values after deductions will total \$22.8 billion for 2006-07, and that approximately \$4.8 billion would have been added without exemptions. He spoke to the recommendation to increase the current tax rate of 45.35 cents by two cents to 47.35 cents per \$100 of assessed property value, stated that this is the first time in sixteen years that a tax rate increase has been proposed, and that the two-cent increase recommended will be completely devoted to economic development in Plano. Mr. Muehlenbeck stated that these additional economic development funds are controlled and administered by the Council and will provide incentives to attract new companies and to redevelop existing commercial properties. He stated that the economic development incentive program totals \$6 million and will be funded through the tax rate increase and the existing budget. The City Manager spoke to the upcoming Public Hearings on August 24 and August 28.

City Manager Muehlenbeck spoke to a 5% water and sewer increase due to increased costs passed on to the City from the North Texas Municipal Water District (NTMWD), the proposal of a \$1.10 increase to the environmental waste rate for a total of \$13.85 for a 95-gallon container with the 68-gallon container remaining the same at \$11.25. He spoke to the recommendation for salary increases at an average of 4% of dollars available for civil service employees and to fund merit increases for non-civil service employees and further spoke to the importance of recruiting and retaining a high-quality workforce and to remaining competitive.

Mr. Muehlenbeck stated that information today will be provided regarding the implementation of GASB 45 which significantly changes the way municipal and state governments account for post retirement benefits. He stated that the recommended budget adds a total of 61 new employees including 29 for public safety and 27 for community investment projects coming on line, spoke to \$3 million for public safety increases and \$2.5 million for CIP projects coming on line which include the west side recreation center (Thomas Muehlenbeck Recreation Center), ArchGate Park and the Oak Point Nature Center. The City Manager stated that \$1.5 million has been included for retiree payouts, and that other highlights include \$3 million for NTMWD cost increases, \$800,000 for additional library books, \$557,000 for Parks and Recreations Program additions, and \$169,000 for the establishment of a Sustainability Program. Director of Budget and Research Rhodes responded to the Council that this year's budget, which is 8.8% over the re-estimated budget, is 10.92% over the budget proposed one year ago.

Funding Requests

Presentation of Heritage Commission

Heritage Commission Chair Warren spoke to two agencies requesting dollars, the Heritage Farmstead having other organizations under their umbrella, hotel/motel dollars available this year, stated that the goals of the Council and the Commission were looked at with regard to historic preservation and stated that the Commission determined to fund 95% of operating expenses of the two agencies requesting dollars. She stated that projects were looked at from the two organizations and that prioritization was made with the Heritage Farmstead at 87% and the Plano Conservancy at 90% of the funding requested. Ms. Warren stated that the Blackland Prairie Festival is funded at \$10,000 for administrative costs under the Heritage Farmstead umbrella.

Presentation of Cultural Affairs Commission & Special Events Grants

Creative Arts Division Manager Wear spoke to seventeen major grant applications and three small grant applications with six special event grant applications. He reviewed the 2006-07 Cultural Arts recommendations and dollar amounts and stated that \$601,301 is the recommended budget total for grants. Cultural Affairs Commission Chair Madigan responded to the Council regarding various agency funding requests, spoke to the agencies providing advertising and educational programs, limitations of some of the organizations such as age (Younger Generation) or gender (Men of Note) and stated that all organizations making a request this year received funding and spoke to cases where the organizations are bringing visitors to hotels and restaurants. Ms. Madigan reviewed the special event grants and dollars to be allocated, and also spoke to the decreasing rate allocated each year as the organizations acquire stability.

Ms. Rhodes spoke to the use of non-departmental funding for the special event grants. Ms. Madigan stated that the FiestaCultural Latinoamericana event is new this year. Council Member Stahel spoke to previous dollars being set aside for the Courtyard Theater, the opportunity for a replacement for the Plano Repertory Theater coming forward and to any reserve funding that might accommodate this. Mr. Wear stated that no group has emerged as of yet and that funds are most likely available to assist a group in making a transition should one become available. Mayor Evans spoke to the FiestaCultural Latinoamericana event and stated that this organization travels to different cities to perform and spoke to a spring festival. City Manager Muehlenbeck responded to the Council that no previous funding was given for this group as this is the first year that application has been made. The FiestaCultural Latinoamericana, a first time applicant, was placed on the chart for consideration in the amount of \$9,084. Ms. Madigan thanked the Council for their continued support.

Presentation of Community Relations Commission

Community Relations Commission Chair Moss spoke to funding allocations in the Community Services Grant, stated that the dollar amount represents about 65% of funding requested by the agencies, and responded to questions of the Council regarding services provided and determination of funding levels.

Neighborhood Services Manager Buffington and Ms. Moss further responded to questions with regard to emergency services and health care being the focus of funding requests. The Council spoke to the value of some of the programs and to concerns regarding funding levels, and organizations that might receive funding from other sources. Mr. Buffington spoke to emergency services requests in the past and stated that it has evolved to represent approximately 80% of the funding now being directed. Council Member LaRosiliere spoke to seeing dollars spread out and to supporting the agencies. Ms. Moss spoke to factors determining allocations.

Ms. Moss advised the Council regarding concerns for next year and stated that foreclosure rates, energy and fuel cost increases, unemployment and flat wages, and the drought are all factors to be aware of. She spoke to job losses at low wage levels, heat factors, the declining health status and to this bringing forward the potential for a 20% to 30% increase in grant allocation requests coming forward for next year.

Urban Town Center Grants

Shops at Legacy Marketing Community Relations Manager Connie Vernon-Chase spoke to the focus intent on outreach, growth and marketing opportunities and to most importantly promoting business and tourism for the overall area. She spoke to raising funding for the Children's Medical Center Legacy scheduled to open in 2008 and to inviting the community to join in the celebration by offering donations and participating in the lighting of the tree during the Lights of Legacy Tree Lighting Festival.

Ms. Vernon-Chase spoke to using the website as an official donation form for the Children's Medical Center and stated that a single light or an entire light strand can be purchased for the tree by the community with all proceeds going back to the medical center. She spoke to involving musical groups and WFAA-TV and Dallas Morning News to advertise, support, and communicate the event, and further stated that the event will be held on a Sunday afternoon this year. Ms. Vernon-Chase stated that activities will be held on the south and north side of Legacy Drive this year, spoke to previous attendance, and responded to the Council that previously dollars have been generated for the Children's Medical Center from the Shops at Legacy. She stated that the event will hopefully generate funds and that it is estimated that \$25,000 to \$30,000 can be generated just from on-line donations with additional monies coming from ongoing games throughout the event. City Manager Muehlenbeck spoke to the previous funding amount of \$39,000, and responded to the Council that the Dickens Christmas event is funded at approximately 100%. Marketing and Special Events Manager Dana Conklin spoke to the Dickens event, budgeting \$10,000 for decorations and lights month-long in the downtown area, \$8,000 for the actual event, and additional dollars for fireworks for a total event cost of \$28,000.

Ms. Vernon-Chase responded to the Council that funding going to the Shops at Legacy covers the logistical requirements to put on the event, works to raise awareness, funds the actual celebration itself, and coordination of the activities of the day.

City Manager Muehlenbeck stated that funding was provided previously as a community event and spoke to the success of the event, to providing an opportunity to highlight another part of the City and to spreading activities out and providing a balance. Ms. Vernon-Chase stated that funding for the logistics of the event allows for a greater media plan and staging opportunities by the shops.

Ms. Vernon-Chase responded to the Council regarding attendance projections, stated that work is being done to provide a food court area and seek business participation with one participant confirmed. Ms. Rhodes advised that \$39,000 is allocated in the budget for this event. The Council spoke to the event providing a balance in the City, the importance of the advertising, bringing people into the City, bringing value all year round, the importance of revenues that would be realized and further recommended that The Lights of Legacy be placed on the chart in the amount of \$21,000 (in addition to the \$39,000 budgeted).

Council Member Dunlap spoke to possible funding for the east side downtown Dickens Christmas event. The Council spoke to possible limitations in the number of people that the downtown area could handle and to there being no matching contributions. Ms. Conklin stated that additional funding would be helpful, spoke regarding parking concerns, and stated that prior to the DART rail line, 6,000 to 7,000 people attending was the limit. She also advised that a new downtown planner is being hired to more readily focus on the east side downtown area and work with the retailers, and that currently no program sponsorships exist. Ms. Conklin responded to the Council regarding advertising done by the City for the Dickens event and stated that DART lists the event in their publications as a destination, but provides no advertising monies. Council Member Stahel spoke to consideration of seed money to fund a radio ad for the Dickens event.

Plano Early Lions

Plano Early Lions Club Secretary Ken Gleason spoke to sponsorship of the Fourth of July Parade, participation by the Lions Club in the Plano Chamber of Commerce, and to the Lions Club gaining visibility in the City by sponsoring the parade. He spoke to the success of this year's parade and to assistance received from the City, and requested assistance from the City for next year's parade. The Council recommended placement of the request on the chart for the Lions Club Parade in the amount of \$6,500.

Economic Development – Operating Budget

Plano Economic Development Board Executive Director Sally Bane spoke to the mission of the board to identify, attract and retain companies that contribute to the economic health of the City. She spoke to progress made, reviewed the 2005 projects, capital improvements made, reinvestment zones created, jobs created and kept in the City, and to business relocations.

Ms. Bane spoke to current advertising strategies to attract businesses and to the importance of business retention and to dollars added to the tax role. She spoke to generating surveys, attending trade shows, participating in an advertising “blitz” and further stated that the proposed budget has been endorsed by the board of directors.

Ms. Bane responded to the Council that the *Breakfast with the Mayor* program is an event for new companies. Mayor Evans stated that the Economic Development Board is invited to the breakfast in addition to the business persons and that it is held every other month. Mayor Pro Tem Johnson spoke to the importance of dollars spent for expansion and redevelopment and to the good job done by the board.

Economic Development - Incentives

City Manager Muehlenbeck spoke to discussion of this item in conjunction with discussion of the proposed ad valorem tax rate towards the end of the agenda. He spoke to additional dollars recognized with the proposed increase in the tax rate for development and redevelopment opportunities.

Council Items and Issues for Discussion

Council Member Stahel recommended that consideration be given to increase the Council stipend, spoke to unpaid time away from jobs, costs realized by Council Members, and recommended that the Council Member stipend be increased to \$1,000 and an increase be made to \$1,400 for the Mayor. The Council spoke to attracting more persons to the table, the impact of gas prices, varying job flexibility with Council Members, higher stipends being an incentive for some, some Council Members not being impacted, only increasing the Mayor’s stipend at this time, and to this being overdue for consideration. Mayor Evans spoke to there not being an election scheduled for this year, not increasing the stipend this year if the thought is to attract more persons to run for Council, and waiting until the next budget year. The Council spoke to things not being equitable with regard to the stipend, the history of the stipend, stated that the Mayor’s stipend is the most under compensated, being against increasing the Council Member stipend and to just increasing the stipend for the Mayor, there being no perception in the community that offering a stipend opens the door to run for office, not being in agreement with increasing the stipend at all, and stated that expenses far exceed the stipend. The Council requested that consideration of the Council/Mayor Stipend be placed on the chart in the amount of \$50,400.

Mayor Evans recessed the worksession at 10:04 a.m. and reconvened at 10:25 a.m.

Operating Budget

Revenues/Ad Valorem Tax Base/Tax Rate/Rollback Tax Rate/Effective Tax Rate/Sales Tax

Ms. Rhodes spoke to the assessed property value of \$22.8 billion representing an increase of 5.45% in total value for next year, an increase in property value of \$623.4 million and new property coming on line at \$556 million.

Ms. Rhodes spoke to calculations allowing for the Homestead, Over-65, and Disabled Person Exemptions, and to transfers to the Tax Increment Financing Reinvestment Zones #1 and

#2. She stated that the ad valorem tax rate has not been increased in sixteen years, spoke to the proposal to increase the tax rate to 47.35 cents per \$100 of assessed property value and to the 2-cent tax increase funding economic development, and further spoke to requirements to hold two Public Hearings and publish the intent to increase the tax rate. Ms. Rhodes stated that the tax rate will be voted on by the Council at the September 11 Council meeting.

Ms. Rhodes spoke to the average home value of \$244,661 which will reflect a tax bill of \$927, and stated that the difference between the current tax rate of 45.35 cents and the proposed 47.35 cents reflects roughly an increase of \$40 per year to the homeowner. She spoke to other taxing entities (school district/county/college) when combined with the City and to the tax differences between the neighboring cities with Plano reflecting a lower tax rate after exemptions are taken out.

Ms. Rhodes spoke to the effective tax rate of 44.32 cents and stated that with a proposed tax rate of 47.35 the City will be approximately 3 cents over the effective tax rate. She spoke to calculations of the rollback rate, stated that the rollback rate is 46.80 cents and that at a proposed tax rate of 47.35 cents the City will be 0.55 cents over the rollback rate. Ms. Rhodes spoke to the petition requirements to hold an election to roll back the tax rate to 46.80 cents and stated that should this occur, \$1.2 million would be reduced from dollars proposed to fund economic development.

Ms. Rhodes spoke to sales tax being re-estimated at \$58 million representing a 16% increase over last year, and further spoke to the difficulties in obtaining sales tax information outside the City and to remaining conservative in sales tax projections.

Fee Increases/Water & Sewer Rate Model/Environmental Services – Rate Increase

Ms. Rhodes spoke to the rental registration program and to dollars that will be collected, offsetting expenditures, and stated that what is collected is what will be spent in this area. She spoke to the Amphitheater collections anticipated and to increases in pavilion reservation fees.

Ms. Rhodes spoke to a sewer rate increase by the NTMWD, comparisons of residential and commercial water rate charges with various cities in the Metroplex and stated that some cities such as the City of Frisco subsidize water and sewer with the General Fund and stated that based on these variances, comparisons are not equal. The City Manager spoke to the take-or-pay contract with the water district and stated that the City fell about 900 million gallons short of the contract which means that citizens will be charged for water not received. Council Member Stahel spoke to the confusing issues of water conservation and having to pay for water conserved but not used and to this being contrary to conservation. Mayor Pro Tem Johnson spoke to the requirement of all nineteen member cities agreeing to change the pricing policy of the water district. Mr. Stahel spoke to a NTMWD consultant coming forward to the member cities to address concerns with the current contract. Mayor Pro Tem Johnson spoke to being provided an update and Mr. Stahel spoke to a new lake being years in the future and to re-working the existing soil at Lake Lavon in an effort to provide for more capacity.

Executive Director Hogan spoke to the newly defined Sustainability/Environmental Services Department. He spoke to the proposed rate increase equaling \$1.10 per month, comparisons between Plano and other communities, stated that this fund is not subsidized by the General Fund and spoke to factors affecting the rates. City Manager Muehlenbeck spoke to the financial policy which addresses a certain number of days of operation working capital and stated that the recommendation for funding working capital days this year is zero due to the stability of this fund.

Program Changes

Salary Increase

City Manager Muehlenbeck spoke to the recommendation for merit increases from 0 to 5% at 4% of payroll for non-civil service employees and to consideration of a 10% increase in the Health Fund due to GASB 45 requirements. He stated that TMRS increased \$300,000 and the RSP increased \$586,567.

Elections

City Manager Muehlenbeck spoke to there being no dollars placed in the Election Fund due to the fact that no General Election is scheduled for 2007 and that should there be an initiative election, funding in the amount of approximately \$100,000 will be needed. The City Manager and City Secretary spoke to working with Collin County Elections regarding conducting the Denton County portion of the election. Ms. Bealke responded to the Council regarding difficulties that would be experienced by the City in conducting the election independently of the County.

Council Member Stahel spoke to the proposed salary increases and to the importance of employee retention. The City Manager stated that the proposed percentage amount for salary increases is sufficient and that the City is remaining competitive. Mayor Pro Tem Johnson spoke to Plano paying at the top of the scale comparatively with other cities. The City Manager spoke to Plano opting out of social security. Mr. Stahel spoke to non-civil service administrative employees and to 4% being on the high side compared to other percentages. The City Manager spoke to the merit increase being between 0 to 5% rather than an "across the board" number.

Safe Streets Program

City Engineer Upchurch spoke to the growth of the Safe Streets Program, previous problems with the petition process in the neighborhoods, and stated that this past year the program has moved ahead with success. He spoke to an installation back log and to the need for additional funding, changing from asphalt to rubberized devices, stated rubber is more costly but is re-usable, and further that they are better liked by the fire department.

Mr. Upchurch advised that current Staff cannot keep up with the installations at the rate they are requested, and that \$210,000 is being requested for materials only as well as \$85,000 for a contractor to install the devices for next year's program. He responded to the Council that neighborhoods are going in the direction of wanting speed and traffic control, that there is no cost to the neighborhoods and that this is funded in the proposed budget.

Public Safety Tech Projects

Executive Director Glasscock spoke to the current public safety radio communication system which is scheduled for replacement in 2009 and which will be in use for eighteen years at that time and be obsolete. He stated that the cities of Allen and Frisco share this system with Plano, spoke to the particulars of the system, and stated that it is maxed out on capacity. Mr. Glasscock stated that an estimated cost for the replacement of the current system is about \$16 million. He responded to the Council that the new system will be interoperable with other agencies when needed and that it is hoped that at least ten years will be realized with the new system. The City Manager stated that it is his understanding that both the cities of Allen and Frisco have budgeted dollars to upgrade their systems.

Mr. Glasscock spoke to a multi-radio wireless broadband, MotoMesh, which is a public safety system designed for police automated fuel reporting, spoke to including future enhancements of video capability and scene based tracking of first responders. He stated it will support other applications and have public Wi-Fi capabilities, spoke to connectivity location projections, and replacement of in-car video camera systems. Mr. Glasscock spoke to future phases coming on-line in 2009, development of mobility corridors and networking capabilities and to an estimated build-out cost of \$25 million. Council Member Stahel spoke to consideration of a connection at the Richardson Medical Center. Mr. Glasscock spoke to monitoring technology and looking at reliability levels of the product. The City Manager spoke to the possibility of using a certificate of obligation sale or 2008 bond referendum to fund the MotoMesh project.

Technology Services – Electrical Project

Executive Director Glasscock spoke to an electrical problem in the annex building where the data center is located. He stated that the electrical power exceeds the current capacity, all technical expansion is on hold due to the problem, and that the chance of a power failure would bring the data center into an inoperable status. Mr. Glasscock stated that an electrical engineer is looking at the problem and modifications are being made to accommodate the situation. He stated that the total cost is about \$850,000 and is a short-term fix that will function for three to five years and that ultimately a new facility for the data center will be necessary and may be looked at as a bond issue. Mr. Glasscock spoke to proposed funding sources to address the immediate situation, responded to the Council regarding potential lease space, stated that lease arrangements are extremely high and that ultimately what will be necessary is a multi-use facility that houses the Public Safety Communications Department and Technical Services.

GASB 45 Funding

Ms. Rhodes stated that GASB 45 requires state and local governments to begin accruing post retirement benefits for retirees instead of funding on a pay-as-you-go basis. She stated that according to an actuarial study the City will be required to set aside approximately \$7.5 million in an irrevocable trust and spoke to the transfer of \$7.5 million from the Health Claims Fund into the trust next year. Ms. Rhodes advised that the Health Claims Fund has stabilized since moving to United Healthcare Insurance, spoke to the current \$15 million balance in the Health fund and to the requirement to only keep a \$6 million fund balance.

Ms. Rhodes responded to the Council that in the future, should an excessive amount of funds result from over contributing to the Health fund, the contribution rate can be lowered. The City Manager spoke to the real impact being in the future and spoke to the liability involved. He stated that the trust will be set up and administered and that investment advice will most likely be required. Mr. Muehlenbeck responded to the Council that the employees will not see a rate increase with this change.

CIP Coming On-line

Executive Director Hogan advised the Council that items identified in the packet were previously presented to the Council and provided a brief overview of the CIP operation and maintenance expenses for Fire Stations #11, #12, and #13, Amphitheater, Tom Muehlenbeck Center, Cox Building, Oak Point Park Development, Archgate Park, and Park Improvements. Mr. Hogan further reviewed Haggard Library, Interurban Station, Parkway Operations, and Animal Shelter expansions, and the Environmental Education Building.

Mr. Hogan responded to Council Member Stahel regarding the 50 part-time life guards identified in the budget and regarding allocating dollars in the 06-07 budget when the opening of Oak Point Park is not scheduled until January, 2008. With regard to Oak Point Park, Ms. Conklin stated that personnel are being absorbed when Clark Recreation Center closes next summer and are being assigned to Oak Point Park and Nature Preserve where programs will be operating even though there are no buildings as of yet. She stated that there will be a deduction in dollars in the Clark Recreation Center fund. Staff advised Mr. Stahel that 50 part-time life guards is a correct number to sufficiently staff all pools and adhere to the law.

Incentives (Items on the chart)

Mr. Muehlenbeck spoke to the proposed tax rate of 47.35 cents representing a two-cent increase that would provide funding for incentives to new corporations and redevelopment of existing projects. He spoke to work that will need to be done at Collin Creek Mall and to participation in another area at Park Boulevard and Preston Road along with other retail centers in the City. The City Manager spoke to \$6 million going very quickly.

Council/Mayor Stipend - \$50,400

Council Member Callison spoke in opposition to the Council/Mayor Stipend increase this year based on an increase being an incentive to run for office stating that it is not an election year. She spoke to receiving input from those persons who would like to run for office and who feel that this would enable them to do so. Council Member Dunlap concurred and stated that it is his perspective that if the stipend is increased, there is no benefit to potential candidates due to heavy expenses in just running for office. Mayor Evans spoke to agreeing with Ms. Callison and Mr. Dunlap and to not supporting an increase in the stipend this year.

Council Member Stahel spoke in support of increasing the stipend. Mayor Pro Tem Johnson spoke to the size of other cities and to salaries received by other Council Members. Council Member LaRosiliere spoke to \$1,000 (for Council Members) not overcoming the cost of time spent and stated that if this is an opportunity for others to participate then it is reducing their losses and not making it a break even situation and further spoke to supporting this item. A majority of the Council, by a show of hands, concurred to keep this item on the chart.

Fiesta Cultural Latioamericana - \$9,084

Mayor Evans stated that funding this item would include Plano in the week long international events. Ms. Conklin stated that there are multiple events across the Metroplex, the organization has been in existence for sixteen or so years, the intent is to add a Latino/American background to the City, and further stated that it is anticipated they will come back next year for a special event grant and stay in the cycle. She responded to the Council that the event is held in the spring and that the location could change each year. Mayor Evans stated that the \$9,084 amount was recommended by the Cultural Affairs Commission and is below what was requested. A majority of the Council, by a show of hands, concurred to keep this item on the chart.

Legacy Holiday - \$21,000 (in addition to budgeted amount)

Deputy Mayor Pro Tem Magnuson and Mayor Evans spoke in support of keeping this item on the chart. Ms. Magnuson spoke to this event bringing attention to Plano and to providing a family event for the citizens. Council Member Ellerbe stated that other items have not received 100% of their funding request and spoke to other businesses participating in funding the costs. Mayor Evans spoke to the local merchants' association at the Shops at Legacy putting in dollars. The Council discussed funding dollar amounts for the other events in the City and to the potential for the Legacy event, spoke to a steady growth rate, this being a good location close to the competition, dollars having been invested in the "Cattle Drive" (statues) across Legacy Drive, the event appearing to be a forerunner to the growth north of Legacy Drive, and this being a good investment and further supporting the event. The Council spoke to being in support of the day-time hours. The majority of the Council, by a show of hands, concurred to keep this item on the chart.

Lion's Club (Fourth of July Parade) - \$6,500

Council Member Stahel spoke to being grateful for a volunteer organization that is willing to take on the responsibility of the parade and to doing it well and further stated he is in support of the request. A majority of the Council, by a show of hands, concurred to keep this item on the chart.

Council Member Stahel spoke to holding off on allocating additional funds (beyond dollars reflected in the proposed budget) for the Dickens Christmas event until the downtown reorganization becomes better formed and stated that this might be one year too soon. Council Member Ellerbe concurred and spoke to the downtown group getting better organized.

Mayor Evans recessed the worksession for lunch at 12:10 p.m. and reconvened at 12:58 p.m.

Proposed Ad Valorem Tax Rate

Mr. Muehlenbeck spoke to the two upcoming Public Hearings on the tax rate. Council Member Ellerbe spoke in support of the recommended tax rate. Deputy Mayor Pro Tem Magnuson spoke in support of providing economic development tools. Council Member Stahel stated that economic development incentives are an important tool and that his personal preference this year is to fund economic development out of excess revenue and address a tax increase next year if necessary. Mayor Evans spoke to the sales tax being budgeted as flat and to there being no dollars for economic development. Mr. Stahel spoke to \$6.5 million being available this year and recommended using this to fund the economic development incentive rather than placing the money in the Capital Reserve Fund. Mr. Muehlenbeck stated that this money actually is used to fund and balance the budget this year and that extra dollars are being used to fund a portion of the incentive. Mr. Stahel spoke to current policy of moving dollars into the Capital Reserve Fund, spoke to older sections of the community and a large number of citizens who are not yet 65 and not protected by the tax freeze but are living on fixed or tight incomes. He spoke to being faced with high utility bills, high foreclosure rates, and to middle income individuals who will realize a difference with extra dollars and recommended looking at it again next year. Mr. Stahel stated he is not arguing the need for economic development just questioning the best way to get there.

Council Member Ellerbe spoke to being uncomfortable in planning a budget with funds that may not be available, stated that sales tax is too volatile, the proposed rate is a small impact, and further spoke to being in agreement with the two-cent increase.

Council Member LaRosiliere spoke to the dedicated fund being necessary, and using the sales tax revenue as a strategy and an opportunity to augment the two-cents. He spoke to the right situation coming forward and to this being an opportunity to use the sales tax excesses along with the tax increase dollar amounts, and further spoke to being uncomfortable with using the sales tax as a funding source due to its volatility, but to thinking of it as an extra fund for a special situation. Mr. LaRosiliere spoke to dedicated funds providing a basis for redevelopment and new businesses.

Council Member Callison spoke to having discussed this for the past two years, and stated that this is the right year to move forward with a dedicated fund of two-cents.

Mayor Evans spoke to making economic development and redevelopment the top priorities at the Council retreats and to reflecting these priorities in the budget and acting on them. Mr. LaRosiliere spoke to clearly giving direction to the City Manager to support economic development and looking for the right opportunities and spoke to the tax rate being less than the neighboring communities. Mayor Evans spoke to building a strong tax base as a tool to keep the residential taxes low. Mr. Stahel stated that part of the attraction of Plano is having a low tax rate, not just for business properties but for the citizens that follow the business or are already here and stated that raising one decreases the attractiveness on the other end. Deputy Mayor Pro Tem Magnuson spoke to the effective tax rate in the region being the lowest and to people coming into the area and making a decision based on these considerations. Mr. Stahel spoke to keeping the tax rate low.

Mayor Pro Tem Johnson spoke to the rate being notably lower than other cities and to this being an important factor for businesses and homeowners alike. He spoke to the increase providing dedicated funds that are predictable and stated that the funds will be used appropriately and that opportunities are unique. Mr. Johnson spoke to the importance of redevelopment and to this being a bigger part of Plano and spoke to shopping centers that may need redevelopment. He stated that Collin Creek Mall is a property tax generator for the City as well as for the school district and an asset that needs to be protected and enhanced and recommended going forward with the two-cent tax increase.

Council Member LaRosiliere spoke to a partnership and to providing infrastructure, stated that a risk is present for both parties while representing a vested interest on both sides. He spoke to public and private endeavors and stated that this is a good value. He spoke to the excellent services and departments in the City.

Nothing further was discussed. Mayor Evans adjourned the meeting at 1:16 p.m.

Pat Evans, MAYOR

ATTEST:

Elaine Bealke, City Secretary