

**MINUTES OF A WORK SESSION AND  
SPECIAL MEETING OF THE CITY COUNCIL  
August 15, 2011  
City of Richardson, Texas**

A Work Session and Special Meeting of the City Council was held at 6:00 p.m., Monday, August 15, 2011 with a quorum of said Council present, to-wit:

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|----------------|----------------|
| Bob Townsend   | Mayor          |
| Laura Maczka   | Mayor Pro Tem  |
| Mark Solomon   | Council member |
| Scott Dunn     | Council member |
| Kendal Hartley | Council member |
| Steve Mitchell | Council member |
| Amir Omar      | Council member |

City staff present:

|                    |  |
|--------------------|--|
| Bill Keffler       | City Manager                                   |
| Dan Johnson        | Deputy City Manager                            |
| Michelle Thames    | Assistant City Manager Administrative Services |
| David Morgan       | Assistant City Manager Community Services      |
| Cliff Miller       | Assistant City Manager Development Services    |
| Samantha Woodmancy | Management Analyst                             |
| Pamela Schmidt     | City Secretary                                 |
| Kent Pfeil         | Director of Finance                            |
| Gary Beane         | Budget Officer                                 |
| Bob Clymire        | Budget Analyst                                 |

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- **Call to Order** – Mayor Townsend called the meeting to order at 6:09 p.m.

**A. Visitors**

None

**B. Present and Discuss the City Manager's Proposed Budget and the Proposed Tax Rate of \$0.63516 per \$100 Valuation (Same as Current 2010 – 2011 Rate) for Fiscal Year 2011 – 2012**

Mr. Keffler explained the work process used to develop the budget including the various departments presenting information to the City Manager's Office. He expressed appreciation for the work produced by Gary Beane, Budget Officer, and Bob Clymire, Budget Analyst, as well as the work conducted by Kent Pfeil, Director of Finance and the members of the City Manager's Office. He introduced the theme "Keeping the Focus" of the budget due to the local, statewide, national and global matters that are at the forefront of the public. A key strategy is to keep focused, stay flexible, and take care of matters than can be handled. He noted that the Bond election was bold thinking and illustrated the Council's focus on the needs of Richardson. He noted the ongoing planning efforts, organization values, strategic opportunities and discussed indicators of future trends. He felt the economy would get stronger and it is the Council and Staff's role to insure that the City is ready and able to take advantage of the improvement. Effective local government services will continue to be vital to economic recovery and future

attractiveness for growth. He noted that even as the FY 2011-12 Budget holds the line on new staffing and operational cost, ongoing changes in service demands place added pressures such as an 18% increase in ambulance calls, 88% increase in total park acres maintained and a 24% increase in court citations processed. The budget, over the last five years, has increased 5.9% and he provided a 10-year City services comparison. He reviewed the budget development objectives which includes continuation of active implementation of the 2010 G.O. Bond program and support implementation for the West Spring Valley Reinvestment program, sustain focus on the quality of life components of municipal services devoted to parks, recreation and open space and trails, and continue to support a competitive employment environment to sustain and recruit high-quality employees.. He reported that since the July 18 Budget Retreat, the certified tax roll illustrated a 0.4% increase in the overall tax base. He stated that no tax rate change is proposed and with no significant upward pressure in residential property values, the seniors' current \$55,000 value exemption amount will maintain a 31% protection, above the 30% target level. He noted that property taxes represent 37% of the entire General Fund resources. With regard to sales tax, Mr. Keffler stated the current budget year has had a mixed pattern, but generally has dampened and therefore, the proposed budget projects a \$764,000 decline. The proposed budget's estimate of \$23.3M matches that of 2000-2001 receipts. He advised that no residential rate change is proposed at this time for water/sewer utility and solid waste. He noted that water rates were last adjusted in FY 2007-08 and the last sewer rate adjustment occurred in FY 2008-09. Solid waste commercial rates are expected to increase. He advised that the budget proposed to implement the Drainage Utility Fee with formal adoption tentatively scheduled for the Fall and noted that the average residential rate impact is tentatively set at \$3.75 month or \$45 a year. A commercial property equivalent rate of about \$0.10/100 sq ft of impervious surface is under evaluation. Selected fees and rates are proposed for adjustment such as building permits, rental registration and inspection fees as well as ambulance fees. Lastly a rate adjustment is proposed for the Golf Course and will be the first adjustment since 2002. In response to the City Council goals, the budget includes \$500,000 in the annual C.O. program to provide Neighborhood Vitality projects and \$100,000 in General Fund operations for new neighborhood enhancement strategies.

Mr. Mitchell voiced a desire to use the funds for West Spring Valley needs rather than Neighborhood Vitality projects. Mr. Omar voiced a concern that the residents would be ready to present projects for consideration with the current wording. Mr. Keffler stated that the funds could be used in whatever manner the Council would like and it could be titled in any manner. After a long discussion, Mayor Townsend suggested it be titled Enhancement Projects and the Council was in general agreement with the suggestion.

Mr. Keffler addressed the staffing and compensation plan for the year noting that the current employment level remains 49 positions or 5% below the employment level of FY 2001-02. He stated that currently, 18 positions are frozen. He also noted significant revisions in the City's retirement benefit program that results in a reduction in the annual contribution rate from 19.31% to 14.79% of payroll. The budget proposes funding for step pay plan merit increases and a 2% merit increase for those topped out more than a year. He provided a table of representative salaries to illustrate the 2% change. Discussion was held with regard to the step plan and compensation, specifically as it pertains to fire fighters. Mr. Keffler provided information with regard to compensation from the private sector and from other comparative cities. With regard to the debt and capital program, \$7.645 million across all funds is proposed for the Series 2012 C.O. debt program and will cover the annual capital replacement requirements and Utility Fund CIP needs. In summary, he stated that as submitted, year-end and new year budgets are balanced and maintain adequate fund balances.

***Mayor Townsend called a recess at 7:51 p.m. and reconvened the meeting at 8:05 p.m.***

Mr. Keffler continued the proposed budget presentation reviewing the combined budget of \$188,561,154. He noted that 1% of the tax roll equals \$616,000 and one penny equals \$976,000. Mr. Omar asked for an explanation about the difference in revenues and expenditures and Mr. Keffler referred to the fund balance that is carried each year. Mr. Johnson defined fund balance and explained its usage. In years where there is a shortage, the fund balance is used and in years when there is no shortage, the balance is sustained or increased. The use of fund balance can avoid fee increases. He explained that the worth of a day of fund balance changes year to year. Mr. Keffler reviewed the General Fund noting that the FY 2007-08 budget was \$91,596,711 and the FY 2011-12 proposed budget is \$97,015,461, which is an increase of \$5,418,750 or 5.9% over 5 years when the CPI increased 8.3% over the same period. He provided a breakdown of the \$2,223,000 General Fund revenue. Total assessed valuation assumes a 0.4% increase in certified assessed valuation plus \$81.7 million of "values in dispute" that could be added to the certified roll once the cases have been finalized and allows for deduction of the TIF District values of \$65.7 million. He reviewed the tax rate calculation illustrating that the effective tax rate is \$0.63769, which is a higher rate than being proposed. He noted that residential value makes up 48.1% and commercial makes up 45.7% of the tax roll. Mr. Keffler reviewed other sources of revenue such as franchise fees, sales and other business taxes and license and permits. Mr. Omar suggested accelerating the discussion regarding rental registration prior to implementing a change in the fee and Mr. Keffler stated the projected increase of \$60,000 in revenue could be removed from the proposed budget. He reviewed the General Fund Expenditures of \$2,142,846 or 2.3% increase. He distributed a table providing information regarding health care with comparable cities. Ms. Thames noted that some other cities have various plans and options whereas Richardson offers one plan, and Richardson is below the national level, partially due to the rates negotiated by Blue Cross Blue Shield. Mr. Keffler also reviewed other various general fund expenditures. He noted that the street rehabilitation program continues for the 15<sup>th</sup> year, which allows for continued crack sealing, concrete repair and "clean sweep" projects. The Traffic Safety Fund, established in March 2006, is able to absorb \$545,000 of expenses from the Police and Traffic Departments that would otherwise have to be funded in the General Fund. He reported that there were no changes from the information provided during the Budget Retreat in July. He reviewed the Water and Sewer Fund and stated that the rate stabilization fund has allowed the City to delay a rate increase and he recommended an off season multi-year financial plan and rate analysis. Mr. Keffler reviewed the Solid Waste Fund with a future rate study and Master Plan Update being the only items of particular consequence. He reported that there were no consequential changes in the Hotel/Motel Tax Fund. Mr. Keffler reviewed the proposed budget of revenues and expenditures for the Golf Fund of \$2,182,447 in revenues and \$2,177,400 in expenditures. Revenues are based on rounds at 100,000 and a proposed green fee increase of \$4 for the weekend and weekday rack rate and a \$2 increase for all other green fee rates. Mr. Morgan pointed out the adverse impact of bad weather such as rain and extreme heat or cold at prime playing times such as Saturday mornings. Mr. Keffler reminded Council that Course #1 was ranked #1 in the state in the economy-priced course category and Course #2 was ranked #8 in the state in the economy priced course category and he provided a list of notable tournaments and golf qualifiers. In conclusion, he stated that the staff stands ready to address any questions the Council has and brought attention to the required public hearing on the Budget.

**C. Consider Setting Public Hearing on August 29, 2011, on the Proposed 2011 – 2012 City of Richardson Municipal Budget.**

ACTION TAKEN: Ms. Maczka moved to set the public hearing on the proposed 2011-2012 budget on August 29, 2011; second by Mr. Solomon and the motion was approved with a unanimous vote.

**D. Report on Items of Community Interest**

None.

Mayor Townsend announced that the Council would convene in Executive Session as posted and called a recess at 10:10 p.m.

**EXECUTIVE SESSION**

- In compliance with Section 551.074 of the Texas Government Code, Council will convene into a closed session at 10:22 p.m. to discuss the following:
  - Personnel
    - DART Board Representative
- Council will reconvene into open session at 10:55 p.m. to take action, if any, on matters discussed in executive session.

ACTION TAKEN: None

  
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MAYOR

ATTEST:

  
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CITY SECRETARY