

STATE OF TEXAS §

COUNTY OF TARRANT §

CITY OF BEDFORD §

The City Council of the City of Bedford, Texas, met in work session at 9:00 a.m. in the Law Enforcement Training Room, 2121 L. Don Dodson, Bedford, on the 6th day of August 2010 with the following members present:

Jim Story	Mayor
Roy Turner	Council Members
Chris Brown	
Ray Champney	
Roger Fisher	
Jim Griffin	
Roy Savage	

Constituting a quorum.

Staff present included:

Beverly Queen	City Manager
David Miller	Deputy City Manager
Michael Wells	City Secretary
Cliff Blackwell	Director of Administrative Services
David Flory	Police Chief
John Kubala	Director of Public Works
Jill McAdams	Director of Human Resources
Mirenda McQuagge-Walden	Managing Director of Community Services
Maria Redburn	Library Manager
Bill Syblon	Development Director
James Tindell	Fire Chief

### **CALL TO ORDER/GENERAL COMMENTS**

Mayor Story called the work session to order at 9:00 a.m.

### **WORK SESSION**

#### **1. Receive and discuss FY 2010-2011 budget overview.**

City Manager Beverly Queen discussed the agenda for today's work session. A lot of the discussion will be focused on policy issues, very specific topics, current topics and future planning issues. There have been reductions throughout the budget along the same lines as last year with a 5% reduction in maintenance and operations. There will be a continuing theme with the budget of declining revenue; development and building activity are down, interest rates are still down, and property values fell for the second consecutive year. When the economy is down, the demand for City services goes up. Staff has tried to balance prudent spending with continuing to provide City services.

Administrative Services Director Cliff Blackwell gave the overview of the budget. This process involved many staff hours, a lot of analysis and a lot of meetings. Staff had to think about what the future holds as far as the

revenue stream. He stated the importance of the Council's mission statement and their critical focus areas and he hopes this budget meets those focus areas.

He went over the financial highlights. The total proposed budget is \$56,445,006 which includes all of the funds combined as well as supplemental requests. This budget is actually less than what was submitted last year. He listed the City's revenue streams which include the General Fund, the Tourism Fund, the Water and Sewer Fund, the Storm Water Fund, the Debt Service Fund, 4B SIEDC and other miscellaneous funds. Regarding supplemental revenue requests, some will require policy changes from the Council such as an ambulance subscription service for example. Other supplemental revenue requests include increased fees on recreation rentals, day camps, use of copiers and printers at the Library, admission to SPLASH, and late fees at the Library. Another change is charging a fire marshal permit fee per occupant as opposed to per building. The Utility Maintenance Fund includes a \$100,000 transfer from the water and sewer funds.

In regards to expenditures, the General Fund total is \$26,874,672 which originally started at a much higher figure. After thorough analysis and discussions, all departments were able to come to 5% reductions in their individual budgets. Staff also looked at their supplemental requests and were able to find either alternative funding sources, to fund them out of this year's budget, or they found other creative ways to reduce the costs of the supplementals. The total for the supplementals equals \$371,163 which brings the total of the General Fund to \$27,245,835. The Tourism Fund was reduced from \$1,071,000 to \$1,008,083 due to a reduction in staffing costs during festivals. The Water and Sewer Fund is at \$16,464,659 which includes some supplementals. There will need to be future discussions with Council regarding this fund in terms of potential increase in rates. The Storm Water Fund has some capital items which brings its total to \$1,267,954. The Debt Service Fund is at \$6,750,231 which is slightly above last year due to the issuance of 2010 GO bonds. The 4B SIEDC Fund has \$80,000 in capital items which brings its total to \$2,565,659. Other funds are at \$1,122,639.

Mr. Blackwell gave a breakdown of supplementals by fund. \$784,000 were for capital outlays between funds, \$141,000 was for the new Library, and \$129,000 for personnel including the reclassification of an IT specialist and a police position that monitors the red light traffic camera program which is funded out of both the General Fund and Traffic Safety Fund. Maintenance supplemental requests equaled \$349,000. Programs equaled \$285,269 and Other equaled \$12,166 which includes training for customer service.

This year's proposed budget is \$56,445,006 compared with \$56,575,380 in last year's budget which is a reduction of \$130,374 or 0.23%.

In regards to where the money comes from, taxes, including property, hotel occupancy and franchise fees, account for more than \$27,000,000. Staff is making every effort to diversify the City's revenue streams. Property taxes currently make up the lion share of the revenue stream.

The adjusted taxable value last year was \$2,720,232,672; this year it is down to \$2,573,818,517. Based on this year's adjusted taxable value, the effective tax rate would be \$0.491609 compared to last year's rate of \$0.463348. In regards to the rollback rate, that tax rate is broken out between the maintenance and operation (M&O) side and the debt side. The rollback only focuses on the M&O side as debt is not subject to a referendum since that has already been approved by the voters. For 2009, the adjusted M&O taxes equaled \$10,523,815. The effective M&O rate is \$0.4088 which multiplied by 8% gives the M&O rollback rate of \$0.441589. With the addition of the debt rate the total rollback rate is \$0.619. After the sales tax adjustment, the rollback rate equals \$0.527903.

In summary, the 2009 tax rate was \$0.4633; the 2010 effective rate is \$0.4916 and the rollback rate is \$0.527903. The proposed rate is \$0.495 which is slightly over the effective rate.

This was the second consecutive years that property values dropped and the City could potentially lose more properties with the 183 expansion and other factors; Mr. Blackwell believes that the assessed value will continue to move in a downward direction. The effective rate is where it is at is because the City does not have the growth it once had. From 2008 to 2010, there have been decreases in taxable value, new construction, and average market value.

Key issues regarding water and sewer funds are to cover M&O expenditures, provide for debt service, renewal and replacement costs and to provide adequate working capital. In regards to the Debt Service Fund, sources of revenue include property taxes, the 4B sales tax, hotel occupancy taxes, a payment from NEFDA and interest income.

One of the methods chosen to keep the debt service tax rate down was to apply only half of the debt associated with the new Library, or approximately \$150,000, to this tax rate which drives down the debt tax rate by almost \$0.05.

Supplemental requests that have been proposed but are not funded include park improvements such as lake dredging and a wood chipper, a custom pumper truck, defibrillators and trunk radios.

Staff then presented an overview of proposed revenue changes:

- Fire Chief James Tindell gave a description of an ambulance subscription program. Over the last five years there has been a decrease in revenue with insurance companies not paying and changes in Medicare laws. Also, 16% of patients do not have insurance so they are not billed. With a subscription service at a cost of \$60 a year, if a patient is transported by ambulance, the patient's insurance will be billed but the City will write-off what insurance does not cover. Currently, the City pays approximately \$3,000,000 to provide EMS service with a recovery of \$1,200,000 in ambulance fees. There will need to be a policy change whereby the City will go after the remaining balance for those that do not subscribe to the service. These subscription fees will go into the general fund. Council requested that staff look at whether this billing could be included in the water bill.
- Managing Director of Community Services Mirenda McQuagge-Walden went over recreation fees. These fees went to Park and Recreation Board the previous night. Staff is proposing a \$10 across the board increase in recreation rental fees. These fees have not been changed since 2006. They are also requesting a \$50 non-refundable application fee for day camps for the first child and \$25 for each additional child. They are proposing to allow the pavilion at Central Park to be rented. The Park Board recommended a \$1.00 increase in non-residential admission fees for SPLASH. In regards to Library fees, currently there is no charge for the first five pages being faxed and then \$1.00 for each additional page. They are proposing to charge \$1.00 for each page. For the black and white copier staff is proposing an increase from \$0.10 per page to \$0.20 per page. The late fee for a DVD is increasing to \$1.00; for all other materials it would be raised from \$0.20 to \$0.25 a day. All of these proposals have been approved by the Library Advisory Board.
- Fire Chief Tindell gave an overview of a proposed change in fire marshal permit fees. Currently, they bill individual buildings and their owners regardless of the number of occupants. The fee is based on the square footage of the building. He is proposing to bill every current occupant which would equal to approximately \$24,500. Chief Tindell stated that the property owners he has spoken to would prefer this method.
- Public Works Director John Kubala gave a proposal to transfer \$100,000 from the Water and Sewer Divisions to build up the Utility Maintenance Fund. This fund is becoming more and more important for addressing water and sewer problems in the City.

Staff then presented a review of proposed supplemental requests:

- Tarrant County Elections – Tarrant County increased their estimate for this year's election by \$3,000.
- NETS – This item is changing from \$0.50 per capita to \$0.65 per capita.
- IT Specialist II – The position that the employee holds does not reflect the function that they actually perform for the City. Council requested a copy of the most recent salary survey.

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- MSDN Subscription – This is software subscription from Microsoft with every piece of software they sell. It would give the IT Department the ability to evaluate new software that comes out particularly for Windows 7 and gives them the license use those pieces of software.
- Increase to facility maintenance – In the past two years, staff has spent time compiling data from vendors and they have gone over budget by an average of \$41,000 to \$42,000. They have taken each contract and reduced them to the bare minimum. They need this supplemental in order to achieve their required services.
- Revitalization Program - Council was of the consensus to allow staff to make amendments to the City's incentive program to address non-profits and have a draft 380 agreement to Council by the end of October. That would give staff six months to put procedures in place and market the program in time for the 6Stones April revitalization project. There was also a consensus among Council to set the budget of this item at \$25,000.
- Police Corporal for red light cameras – This person would serve the dual purpose of monitoring the red light camera program and recruiting.
- Video recording system – The jail currently has an audio and visual system that has proven extremely beneficial on mitigating complaints and lawsuits from prisoners. The system is now 11 years old and they have spent \$15,000 in repairs.
- Document scanning and storage – Currently the Police Department has a need to house all documents. They currently keep records in hard copies but they also utilize Lason to scan documents. They are now proposing to do their own document imaging.

Ms. Queen described how staff came up with tax rate. Departments went through a 5%, on average, reduction on operations. They then looked at overall expenses. HSA funding and some incentive pay were deleted and tuition reimbursement was reduced. Positions were frozen and electricity costs were reduced. Their direction was not to do anything that would affect service levels. They wanted to stay within the boundaries of not exceeding the effective rate and to maintain operations. To keep the tax rate the same would cost approximately \$800,000 and they could not cut that amount without affecting services. To make sustainable changes would require looking at programs.

Questions were raised on what it would take to fund the entire cost of the new Library in this budget without cutting anything else out of the budget. Ms. Queen stated that the \$140,000 set aside in the General Fund to pay for four of the Tahoes for the Police Department could be shifted to the Debt Service side and the eight Tahoes to be purchased next year can be funded entirely from the Traffic Safety Fund. That would raise the tax rate to \$0.497 and fund the entire Library.

Council reviewed the remaining proposed supplementals. Updates and changes on the list included:

- Council agreed to increase the fees for residential admissions to SPLASH by \$1.00 in addition to the \$1.00 increase on non-residents as recommended by the Parks and Recreation Board.
- The Public Works Record Storage Area is being funded this year, so this item was removed from the proposed supplementals.
- The cost of the Motorola Trunk Radios has been reduced down to \$420,000.
- The Animal Control exterior repairs, the BRAC front entry doors and the Fire Station 2 living quarters are being funded out this year's budget and have been removed from the proposed supplementals.

(The complete list of proposed supplemental is available in the City Secretary's Office)

## **2. Discuss potential utility rate changes.**

Staff does not have a recommendation on utility rates at this time. Council agreed to have a work session starting at 5:00 Tuesday, August 10 prior to the start of the regular City Council meeting to discuss this issue.

**3. Receive status report on library renovation project.**

Library Manager Maria Redburn gave an update on the Library construction. The construction is currently on schedule. The solar arrays will arrive by August 13 and should be installed by August 31. The opening day collection is being ordered and the technology timeline has been set. The furniture bid is out and is due back by August 16. The bid includes contracts so executed contracts can be brought to Council August 24. The walkway grant was not funded by TXDoT.

Council will need to make decisions on the names to include on the plaque for the Library and what kind of monument signs are to be used on Bedford Road and Forest Ridge Drive. There was consensus among Council to try and achieve synergy among all the signage in the City and not be rushed on a decision regarding monument signs. They also felt these signs were a prime place for the new logo. Council was of the consensus to include the names of current Council members, the Library Board and key staff on the plaque.

**4. Review and discuss Capital Improvements Program (CIP).**

Stormie Jones and Boys Ranch Park Restrooms - The Parks and Recreation Board reviewed renderings and color schemes for the restrooms at Stormie Jones and the Boys Ranch Park. They will be using a company call CXT. This item will be brought to Council the second meeting in August or the first meeting in September. The roofs are hunter green and the structure itself will be tan with rock on the bottom. They are all made out of concrete and are vandal resistant. The costs for the restrooms are \$140,000 at Stormie Jones and \$170,000 at Boys Ranch Park. The bond money for the restrooms was for \$440,000 so staff is doing some research on what to do with the difference such as adding additional playground equipment.

Traffic signalization project – Bids for this project will be taken on August 10 and then it will be brought before Council at the first meeting in September.

Airport Freeway Water and Sewer Line Adjustments – Staff is still waiting to hear back NTE regarding financing.

North West Pressure Plane – This project is still moving forward. A consultant will be brought on board for plans and specifications sometime in the next 60 to 90 days.

Capital Equipment –

- Fire pumper – Staff will move forward on this starting in October at the earliest.
- Radio replacement – The cost of this project has gone down from \$490,000 to \$427,000.
- Defibrillators
- Wood chipper and mini dump truck for the Parks Department– The current wood chipper broke down several times during the February storm event. The mini dump truck is a smaller version of the Public Works dump truck with a single axle and 1/3 of the capability. Full size dump trucks can't always be driven into parks.

There will need to be a discussion regarding the future of the existing Library building. Staff has received inquiries about buying the building.

**5. Discuss wrap-up of any other budget related items.**

For Tuesday's meeting, Council will need to set the maximum tax rate to be considered. If Council decides to shift the debt service for the Library, the effective tax rate notification will need to be republished in the newspaper. Council stated that their goal was to go the effective rate while financing the entire Library. There was a consensus among the Council on setting the maximum tax rate at \$0.498.

**ADJOURNMENT**

Mayor Story adjourned the meeting at 5:31 p.m.

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Jim Story, Mayor

ATTEST:

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Michael Wells, City Secretary