



City of Rowlett
Work Session Retreat Minutes
City Council

4000 Main Street
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Rowlett, TX 75030-0099
www.rowlett.com

City of Rowlett City Council meetings are available to all persons regardless of disability. If you require special assistance, please contact the City Secretary at 972-412-6109 or write PO Box 99, Rowlett, Texas, 75030-0099, at least 48 hours in advance of the meeting.

**Saturday, April 4, 2009
and Sunday, April 5, 2009**

**7:30 A.M. (Saturday)
12:00 P.M. Noon (Sunday)**

**GISD Special Events Center
4999 Naaman Forest Boulevard
Garland, Texas 75040**

As authorized by Section 551.071 of the Texas Government Code, this meeting may be convened into closed Executive Session for the purpose of seeking confidential legal advice from the City Attorney on any agenda item herein.

The City of Rowlett reserves the right to reconvene, recess or realign the Work Session or called Executive Session or order of business at any time prior to adjournment.

SATURDAY, APRIL 4, 2009:

1. **CALL TO ORDER (8:00 A.M.)** Please note – The meeting will adjourn at 10:00 A.M. until 11:30 A.M. to allow Council the opportunity to attend the Easter Egg Hunt.

Mayor Harper called the meeting to order at 8:01 a.m.

Present: Mayor Harper, Mayor Pro Tem Gottel, Deputy Mayor Pro Tem Maggiotto, Councilmember Phillips, Councilmember Rushing, Councilmember Jackson and Councilmember Kilgore

2. **MORNING WORK SESSION ITEMS.**

- 2.A Welcome/Overview of Retreat.

Mayor Harper reminded everyone that Council should be concerned with making all decisions centered on the citizens being in the center.

- *The meeting is about change*
- *Realm of leadership – transactional change – cultural change*
- *Transformational leadership with voluntary follow-ship*

City Manager Humble explained that the first 75 days have felt more like a year with the sudden changes in the economy urgency has been created. She thanked the Council for giving up their weekend to discuss philosophical issues as well as direction for the current and upcoming budget. She further stated that one of the challenges she has given to staff has been to try to work smarter, not harder.

- 2.B. Review Guiding Principles for FY'09 Budget.

Mayor Harper discussed the current Guiding Principles that had been presented to the former City Manager on June 8, 2008. A new set of guidelines will be developed during the retreat for presentation at a future meeting, as many of the items have been accomplished. The base budget is to be presented in August. Council is to provide ideas on building the budget but the budget belongs to the City Manager.

Several discussion points regarding the principles discussed by City Manager Humble included:

- Another session such as this one may be necessary
- The importance of change, including technological updates
- Function of the budget and its critical need to be adhered to
- Plans for the Executive team to attend a retreat in May
- Proper guidance and direction by Council will produce a quality and acceptable budget
- An organizational issue is to spend 12 to 18 months solving problems and issues that have taken years not days to materialize
- Reduction in force will be discussed at length with a more positive approach when discussing with effective employees
- An overview of the agenda and the goals to be accomplished for the weekend were as discussed

2.C. Review Revenue Projections for 2009.

The following slides were presented by Brian Funderburk, Director of Financial Services

Brian discussed and explained the slides and the Council asked several questions resulting in more discussion regarding specific items such as Court fines, round-ups, tax collections (additional penalties and interest), red-light cameras, alarm and building permits, etc.

(slide 1) **REVENUE PROJECTIONS & BUDGET CUTS**

(slide 2) **FY 2008-09 REVENUE PROJECTIONS- ALL FUNDS**

- Revenues for fiscal year 2008-09 are expected to decline nearly \$1.8 million (net basis).
- Revenue decline somewhat offset by significant mitigating factors, such as savings from utilities and cheaper fuel prices.
- Net impact = \$1.6 million.

Fund	Net Impact (millions)
General	\$1.1
Water/Sewer	0.2
All Other	0.3
Total	\$1.6

(slide 3) **FY 2008-09 REVENUE PROJECTIONS- ALL FUNDS**

- For the most part, all funds except General Fund, will not require significant changes.

- For example, decrease in property tax revenues in the Debt Service Fund offset by reduction in budgeted interest costs for the 1997A bonds.
- Also, decrease in red light camera fines offset by reduced spending for maintenance...no impact to operations. Also, we cannot lose money under the agreement.
- Therefore, presentation will focus on General Fund.

(slide 4) **FY 2008-09 REVENUE PROJECTIONS GENERAL FUND**

Revenues	Budget	Projected	\$ Change	% Change
Taxes	\$21,373,478	\$20,977,826	\$ (395,652)	-1.9%
Franchise fees	3,035,432	2,875,988	(159,444)	-5.3%
Licenses & permits	601,358	413,486	(187,872)	-31.2%
Fees & charges	2,433,994	2,407,486	(26,508)	-1.1%
Fines & forfeitures	1,873,263	1,579,005	(294,258)	-15.7%
Intergovernmental	239,034	219,280	(19,754)	-8.3%
Interest earnings	151,323	71,532	(79,791)	-52.7%
Other	419,422	467,341	47,919	11.4%
Transfers from other funds	4,400,971	4,400,971	-	0.0%
Total	\$34,528,275	\$33,412,915	\$(1,115,360)	-3.2%

(slide 5) **FY 2008-09 REVENUE PROJECTIONS GENERAL FUND – MOST SIGNIFICANT**

Revenues	Budget	Projected	\$ Change	% Change
Property taxes	\$16,634,654	\$16,560,306	\$ (74,348)	-0.4%
Sales taxes (net)	4,689,376	4,359,393	(329,983)	-7.0%
Electric franchise fees	1,604,571	1,434,045	(170,526)	-10.6%
Bldg permit fees	406,110	158,603	(247,507)	-60.9%
Wet zone	812,088	723,000	(89,088)	-11.0%

Court fines	1,873,263	1,543,512	(329,751)	-17.6%
Total	\$26,020,062	\$24,778,859	\$(1,241,203)	-4.8%

(slide 6) FY 2008-09 REVENUE PROJECTIONS-GENERAL FUND-MOST SIGNIFICANT

- Property taxes primarily affected by a projected 1% decline in "collection" rate from historic rate of 98%+ to 97%+ of \$(100,961).
- Net of increase in penalties and interest of \$26,613.
- Net decrease \$74,348.
- Sales taxes primarily affected by a 29.6% decline in DR Horton taxes.
- Non DR Horton sales taxes down only 0.4%.
- Net decrease \$329,983.

(slide 7) FY 2008-09 REVENUE PROJECTIONS-GENERAL FUND-MOST SIGNIFICANT

- In the first qtr of FY 2009, electric franchise fees decreased 20%.
- However, second qtr will be up 2%.
- Overall net projected decrease is 10.6% based on conversation with Oncor or \$170,526.
- Thru 2-28-09, total residential bldg permits were 17 compared to 43 for the same period last year – a 60.5% reduction.
- This reduction affects several licenses and permit revenues.
- Net decrease \$247,507.

(slide 8) FY 2008-09 REVENUE PROJECTIONS-GENERAL FUND-MOST SIGNIFICANT

- Decrease in Wet Zone revenues based on staff plan to be highlighted in more detail later in the retreat.
- Net decrease \$89,088.
- Court fines have dropped significantly in current year.
- Revenues have been impacted by warrant collections and other court activity.
- Net decrease \$329,751.
- Original budget was unrealistic; however, this is an area the City can exert some control over and has actively begun doing so.

2.D. Review budget Adjustment for Council consideration on April 21, 2009.

The following slides were presented and discussed:

(slide 9) **FY 2008-09 BUDGET CUTS GENERAL FUND**

- Economic Development \$(47,832):
 - Higher beg. reserves and proposed exp. cuts provides a one-time opportunity to reduce the General Fund transfer by \$95,858.
 - Various supplies and purchase services, training and advertising.
- IT \$(90,197):
 - Higher beginning reserves and proposed exp. cuts provides opportunity to reduce the General Fund transfer by \$90,197.
 - Various supplies and purchase services, training and software maintenance.

(slide 10) **FY 2008-09 BUDGET CUTS GENERAL FUND**

- City Council/City Secretary \$(3,778):
 - Various supplies and purchase services, travel, training and advertising.
 - Net of costs of May election.
- City Manager \$25,225:
 - Various supplies and purchase services, training and software maintenance.
 - Eliminates 1.0 FTE beginning July 1st.
 - Net of increased contract costs.

(slide 11) **FY 2008-09 BUDGET CUTS-GENERAL FUND**

- Finance \$(132,833):
 - Various supplies and purchase services, training and advertising.
 - Eliminates 2.5 FTE's in accounting, purchasing and municipal court.
- Police \$(107,084):
 - Various supplies and purchase services, training and capital.
 - Due to # of vacancies and timing, staff anticipates we will have an open vacant dispatcher thru the remainder of the year.

(slide 12) **FY 2008-09 BUDGET CUTS-GENERAL FUND**

- Fire \$(55,122):
 - Various supplies and purchase services, training and maintenance.
- Development Services \$(24,250):
 - Various supplies and purchase services, training and printing.

(slide 13) **FY 2008-09 BUDGET CUTS-GENERAL FUND**

- P&R \$(203,607):
 - Various supplies and purchase services, training and maintenance.
 - Eliminates 1.0 fte in parks maintenance by outsourcing irrigation repairs.
 - Implements proposed changes to Wet Zone.
- Library \$(37,271):
 - Various supplies.
 - Holds open System Librarian thru the remainder of year.
 - Maintains state certification.

(slide 14) **FY 2008-09 BUDGET CUTS-GENERAL FUND**

- PIO \$(26,750):
 - Various supplies and purchase services, training, signage and printing.
- Public Works \$(65,608):
 - Various supplies.
 - Eliminates 3.0 FTE's in streets by outsourcing concrete replacement.

(slide 15) **FY 2008-09 BUDGET CUTS-GENERAL FUND**

- Non Departmental \$37,936:
 - Decrease in insurance costs and processing fees.
 - Net of increases in tax appraisal and collection fees.
 - Total Proposed Cuts = \$1,123,958
 - Surplus of cuts over revenue shortfall = \$55,684.
 - Possible Use of Revenue Surplus – Funding of All America City Application.

Council recessed at 10:00 A.M. until 11:45 A.M. to allow members to attend the Easter Egg Hunt on Main Street. Upon return of the Council, the Mayor called reconvened the meeting at 11:58 A.M.

The following four slides were presented:

(slide 16) **BREAK FOR EASTER EGG HUNT**

2.E. Review Revenue Projections for FY 2010.

(slide 17) **FY 2009-10 REVENUE PROJECTIONS-GENERAL FUND-MOST SIGNIFICANT**

Revenues	2009 Projected	2010 Projected	\$ Change	% Change
Property taxes	\$16,560,306	\$16,497,407	\$ (62,899)	-0.4%
Sales taxes (net)	4,359,393	4,315,799	(43,594)	-1.0%
Gas franchise fees	505,869	437,969	(67,900)	-13.4%
Other (TXU Settlement agree)	72,776	-	(72,776)	-100.0%
Other (one-time insurance pmt)	33,317	-	(33,317)	-100.0%
Total	\$21,531,661	\$21,251,175	\$(280,486)	-1.3%

(slide 18) FY 2009-10 REVENUE PROJECTIONS-GENERAL FUND-MOST SIGNIFICANT

- Property tax reduction based on discussions with DCAD and RCAD.
- RCAD expects that overall taxable AV will be 1.5% lower for next fiscal year.
- DCAD expects Residential to drop 3%-5% for 1/3 of city, Commercial by 10%-30%.
- Staff has used the 1.5% from RCAD and for DCAD, has used 5% for 1/3 of City and 15% for 100% of Commercial.
- Mitigated by:
 - New growth.
 - Change in debt service.
 - Increased penalties and interest.

(slide 19) FY 2009-10 REVENUE PROJECTIONS-GENERAL FUND-MOST SIGNIFICANT

- Sales taxes projected at an additional 1% net decline totaling \$43,594.
- Sales taxes expected to flatten out in 2011 and begin growing again.
- Gas franchise fees expected to drop \$67,900 from historically high level in FY 2009.

(slide 20) FY 2009-10 REVENUE PROJECTIONS-GENERAL FUND-MOST SIGNIFICANT

- Other – FY 2009 is last year of TXU settlement agreement and will not receive annual \$72,776 in future years.
- Other – FY 2009 received a one-time insurance payment of \$33,317 that will not be repeated in future years.

2.F. Review List of External Factors affecting the City of Rowlett.

The following slides were presented.

(slide 1) Internal and External factors impacting the City of Rowlett

Items Requiring Action Items to Watch

(slide 2) Internal/External Factors – FY 2009

- INTERNAL FACTORS:
 - TMRS
 - Increased Pet Donations
 - GIS Overlay Maintenance of Maps
- EXTERNAL FACTORS:
 - Contract Adjustments – Fuel Costs
 - Increased Unemployment and Crime Rate which increases foreclosures; evictions; health issues; property values
 - Merritt Road – Connector Costs
 - Legislative Issues (i.e. Appraisal Caps, etc.)
 - Unfunded Mandates

(slide 3) Internal/External Factors – FY '10 & '11

- Fleet Maintenance Issues
- Construction of PGBT on Wet Zone
- Facility Maintenance
- Increase Debt Service
- Employee Salaries and Market Adjustments
- Rising Insurance Rates
- Prisoner Export Issue with Dallas County
- Garland Sewer Rates – Loss of Cap
- NTMWD Water Rate Increase
- Reduction in new development
- Storm Water MS4 Compliance
- Public Tolerance of Fees & Taxes
- Technology Replacement

Council agreed that 10% of the budget should continue to be allocated to reserves. More round-ups and the deputy marshal position were discussed. Penalties and interest accruals on late tax payments are affecting the property tax dollars making it a wild card in projecting revenues. Every thirty days changes to the economy continue to happen. Unemployment

numbers are beginning to increase in Rowlett. The City of Rowlett continues to be in a good position in comparison to other cities across the state and in the Metroplex. More tax protests are expected in the next year. Franchise fees have shown a recent decline.

Other areas of increases included: Garland Sewer Rates have been contracted with an outside company to review. The City can expect a 10% to 12% increase every year due to increased infra-structure needs by the North Texas Municipal Water District (NTMWD).

(slide 4) Internal/External Factors Watch List for FY '10 & '11

- Citations – Liens vs. Revenue
- PGBT Construction Impact on Local Businesses
- Benefits/Risk Management
- More Independent Investors vs. Large Dev. Companies
- Possible Drought Situation
- Change
- More Home Rentals and Section 8 Housing
- Possible 12 – 14 Cent Tax Rate Increase by GISD for Operations

The Coyle House expenses were discussed and a consensus reached to discuss the matter again at a future meeting. Possible uses of the Coyle House were also discussed: Grant funding is to be sought in addition to private donation (sponsorships, volunteer projects, etc.).

- 2.G. Review the “Critical; Important; Quality of Life” exercise performed by the Executive Team.

(slide 5) Operational Functions by Category: Critical; important; quality of life

(slide 6) Critical operations

- ***Defined as those tasks that are legally required; mandated by law; mitigate risks or liability; has the potential to be life threatening; or is required to sustain life.***
- Examples include:
 - Legally Required: City Manager; City Attorney; City Secretary; Police Chief; Fire Chief
 - Mandated by Law: Board of Adjustments; Employee/Labor Relations; Budget & Audit
 - Life Safety: Police Emergency Response; Detention; 911 Dispatch; Fire/EMS Emergency Response
 - Sustain Life: Water; Sanitary Sewer; Health Programs

(slide 7) **Important Operations**

- **Defined as those tasks that are essential; expected by customers as customary; potential “collateral damage” by not performing functions; city requirement to follow same rules as citizens.**
- Examples include:
 - Essential Functions: Council agenda preparation; CID – Property Crimes; ROW & Median Mowing; Street Maintenance; Water Meter Installing, Maintenance & Disconnections
 - Community Expectations: Animal Control; Household Hazardous Waste; Code Enforcement; Recreational & Athletic Programming

(slide 8) **Quality of Life Operations**

- **Defined as basic services that are over & above minimum standards; discretionary services; enhancements to critical & important services that raise those services to prevailing community standards; image**
- Examples include:
 - Boards & Commissions such as Arts & Humanities; Economic Development Advisory Commission; Library Advisory Board
 - Educational programming offered by Police, Fire, and Library
 - Street Lights
 - After Hour Reconnections for Water

(slide 9) **Cost Neutral Operations**

- Telecommunication Oversight
- Toll Tag Distribution
- All Cable TV Operations and Productions
- TV/Video Producer
- Alcohol Permits
- Sub-Lease for Take Area
- Ambulance Billing and Collections
- Alarm Permits Billing and Collections
- Delinquent Tax Collections
- Municipal Court Warrant Debt Recovery
- Traffic Enforcement Activities
- Review Red Light Camera Violations

(slide 10) **Why is this exercise important?**

- Economy has changed customer expectations (Library; Parks/Recreation)

- Economic conditions impact service delivery (Domestic Violence; Theft/Burglary)
- It was a journey for staff; not a destination.
- Economy is causing everyone to re-evaluate what services are offered and what can be eliminated.
- Eliminating Quality of Life operations does not always net real dollars, just limited capacity that may or may not be reallocated for other more important functions.
- No right answer – “Balancing” Exercise

Council agreed with the exercise.

2.H. Review list of identified items that could be eliminated from FY 2010 budget.

(slide 11) Identified List of Reductions for Discussion Purposes

- Eliminate School Crossing Guards or Request GISD Pay
- Eliminate Fire Rescue Interlocal Agreement with City of Dallas for Lake Ray Hubbard
- Eliminate Street Lights or Turn Off after a Specific Hour
- Eliminate Lighting For Athletic Fields by scheduling play/practice during daylight hours
- Consider selling or contracting out the Wet Zone
- Consider reducing training budget for P&Z Commission by conducting local or in-house training

In reviewing the list of identified items, Council stated that the balancing act would be difficult but very necessary. Competing needs will drive discussion.

2.I. Council discussion on the “Critical; Important; Quality of Life” exercise – adjust for community expectations.

(slide 12) Council discussion: critical; important; quality of life

- Do You Agree with the Organization’s perspective? If not, what would you change?
- Critical – Given current economic conditions, will continue to provide
- Important – Given current economic conditions, it is possible that some of the community expectations could be eliminated. Are some more important than others?
- Quality of Life – Given current economic conditions, some will be eliminated if real savings can occur. “Balancing Act”
- Discussion today provides direction for Goals & Objectives for FY 2010 tomorrow

- 2.J. Council discussion of list of identified items for elimination in FY 2010 budget provided by staff.

(slide 13) **Council Discussion of Identified List of Reductions for Discussion Purposes**

- Eliminate School Crossing Guards or Request GISD Pay
- Eliminate Fire Rescue Interlocal Agreement with City of Dallas for Lake Ray Hubbard
- Eliminate Street Lights or Turn Off after a Specific Hour
- Eliminate Lighting For Athletic Fields by scheduling play/practice during daylight hours
- Consider selling or contracting out the Wet Zone
- Consider reducing training budget for P&Z Commission by conducting local or in-house training

Regarding the crossing guards – cannot be eliminated but requested funding come from the Garland Independent School District (GISD). No tax increase is to be included in the budget but possible consideration in 2011. Take advantage of the economic events. Continue to grow the Commercial tax base. Consider borrowing monies that will not require a tax increase in either year. Capital improvements must continue to be made. Continue to work with our neighboring cities. Other items mentioned included, more city resources are being utilized due to the economy, people are staying at home and going to the Library and Community Centre more than in the past. It was stated to “Keep the balance in the balance” as maintaining the livability and sustainability to the citizens as very important. Sport field lights should become a more user dependent cost rather than subsidized cost. The fire rescue on Lake Ray Hubbard should be further studied to determine if the trade-off with Dallas is cost effective. Robertson Park sale is currently on hold. Contract out the Wet Zone for better utilization of City’s money. Suggested turning off every other street light. Discussed the possibility of more items being studied such as: Are the red light cameras covering their costs? Is the motorcycle unit paying for itself? Is it really essential? Is Channel 99 a cost or a benefit to the City? More discussion regarding Full Time Equivalents (FTE) and the probable need for a reduction in force continued and should be aligned with “what we do”. Asked to analyze: What is a City’s core business? It was also stated that decisions made this year might be different from ones made next year and that a strategy for such will need to be developed. Improvements to computer technology was also discussed as an essential matter to be reviewed.

At 2:10 p.m. the group recessed for a break.

At 2:20 p.m. the group reconvened.

- 2.K. Structural issues to include by but not limited to: TIF, Internal Service Funds; OPEB – Other Post Employment Benefits; TMRS; Pay Plan – Comparison Cities Discussion; Deferred Equipment/Fleet; Facility Maintenance.

(slide 1) **Structural Issues**

(slide 2) **Structural Issues and Concerns**

- Purpose: To make Council aware of issues and concerns that have a significant impact on the City's financial condition, budget flexibility and/or ability to react to the changing environment.
- Each item has also been assessed to determine if it is believed to be a short-term issue or long-term.
- Staff will provide plan of action for addressing each issue.

(slide 3) **TIF DISTRICT**

- TIF district is physically large @ 1,737 acres.
- No other entities have agreed to participate.
- Strategically located to "eat up" majority of commercial/ residential growth over the next 10-15 years.
- The question is "how big is too big"? If 90%+ of all growth happens in the TIF over the next 10 years, how will that affect the funding for operations?
- Management Districts, if approved, provide another economic development tool.
- FY 2010 Workplan Item.

Discussion regarding the TIF and changes to its size and percentages will need a different strategy in the future. Suggested to divide the TIF into three smaller districts was mentioned. The new Management District concept is a better plan than the TIF District. Since the Inner connector (Merritt to Liberty Grove) has found possible other funding, the percentage could be adjusted from 100% to as small as 0% for the taxes to be escrowed. TIF's generally have a thirty year life, so legal questions would need answering. The lack of participating entities also generated some questions. The board membership was discussed.

(slide 4) **INTERNAL SERVICE FUNDS**

- Artificially creates a budgetary "double-count" of expenditures.
- Artificially requires twice the level of reserves under the City's reserve policy.
- Moving the budget for IT and Fleet back into General Fund will improve transparent accountability, eliminate "artificial" reserve requirements, and remove expenditure double-counting.
- Can correct with accounting adjustment on September 30, 2009.

Issue/Fund	Amount
Total Exp double-count	\$2,033,577
Impact on Reserves	\$239,023
By Fund:	
General	\$124,957
Water/Sewer	106,996

Other	7,070
Total	\$239,023

(slide 5) **OTHER POST EMPLOYMENT BENEFITS**

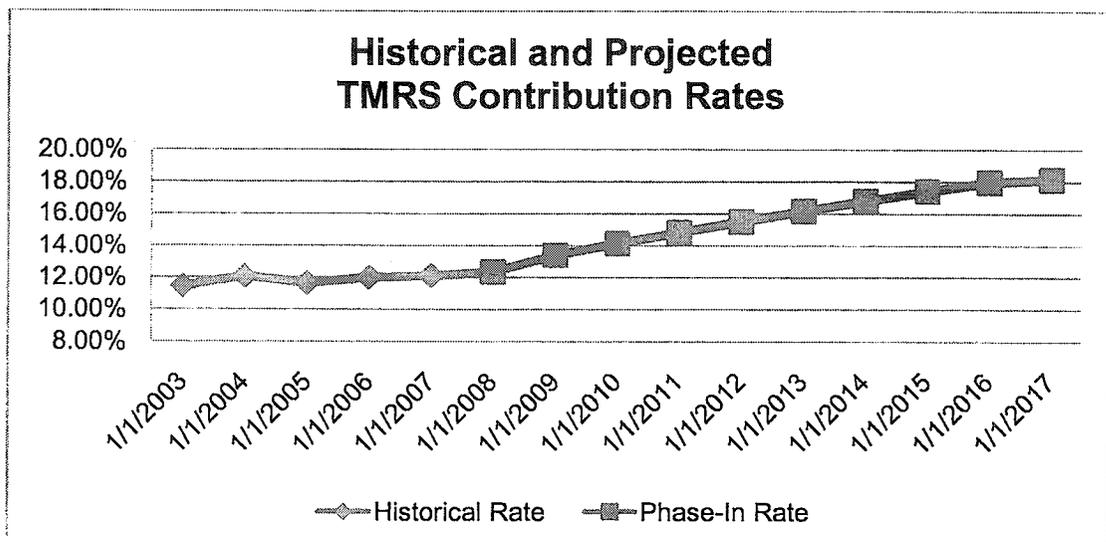
- In 2004, GASB issued requirement to account for Other Post Employment Benefits.
- Requires entities to perform actuarial analysis every two years.
- Must either fund annually or accrue liability over 30 years.
- City required to implement in 2009.
- Initial Actuarial Accrued Liability is \$2.9 million.
- Annual Required Contribution is \$281,737.
- Staff will develop a long range funding strategy for review in Spring 2010.

(slide 6) **TEXAS MUNICIPAL RETIREMENT SYSTEM**

- In 2007, TMRS changed its actuarial assumptions.
- Somewhat affected by accounting requirements from GASB.
- Cities given several options, including an 8-year phase-in period.
- Rowlett's annual contribution rate expected to increase from 12.34% (before phase-in) to 18.15% (at end of phase-in).
- Budget impact = \$150k to \$160k per year with a slowing growth rate over 8 year phase-in.

COLA's and other TMRS changes such as the current 2:1 match to perhaps 1.5:1 or to 1:1 match were discussed. Some cities will move to a different retirement plan in the future. TMRS will be changing its look in the future. Questions were asked regarding personnel retention in regard to TMRS.

(slide 7) **TEXAS MUNICIPAL RETIREMENT SYSTEM**



(slide 8) **PAY PLAN**

- Too rich for Rowlett.
- When market was determined, policy was set to include super competitive communities with much bigger budgets and more resources.
- Sustainability is in question.
- If Council agrees to change, staff will address in FY 2010 workplan.

City	Population	Revenues (in millions)
Plano	255,700	\$180.2
Garland (2007 CAFR)	224,988	\$116.0
Frisco	102,435	\$96.7
McKinney	112,000	\$90.1
Richardson	99,822	\$76.2
Mesquite	136,750	\$75.6
Allen	76,600	\$56.1
Grapevine	48,583	\$55.8
Lewisville	94,589	\$50.6
Coppell	39,460	\$50.3
Flower Mound	65,851	\$37.4
North Richland Hills	64,050	\$33.6
Farmers Branch	28,500	\$32.1
ROWLETT	54,869	\$30.6
Addison	15,250	\$25.8
The Colony	40,206	\$19.9

✓ Short-term and Long-term

Consensus was reached to allow the City Manager to determine the cities to be used as comparison cities with regard to future pay plans.

(slide 9) **Fleet**

- Current Fleet has 300 units totaling \$9 million in value.
- Average age of equipment (excluding police vehicles) = 8 years.
- Optimum average age under national industry standards = 5 to 6 years.
- Current replacement funding for fleet - \$287,000.
- Significant infusion of dollars required in order to outsource function.
- Short -term: Looking to address outsourcing concern with emergency equipment.
- Staff will develop plan in FY 2010 that address size of fleet; energy conservation; and maintenance standards.

- City needs to develop a dependable long-term replacement strategy based on set replacement and maintenance criteria.
 - ✓ Short-term and Long-term

Consensus was reached for the City Manager to contact other cities in our area to review the possibility of creating Fleet Maintenance agreement.

(slide 10) **FACILITY MAINTENANCE (Custodial and Maintenance)**

- City has 24 buildings totaling 215,000 s.f.
- 5 FTE's & 1 Crew Leader = 43,000 s.f. per FTE (Not counting fire stations).
- Maintenance portion of budget is \$150,000.
- Example: City owns 110 HVAC systems and 63 of those are older than 10 years. (57% of System)
- \$20,000 budgeted for HVAC Replacement.
- Staff will develop maintenance schedule in FY 2010 work plan.
- Additional custodian position for Community Center will be given important consideration in FY 2010 budget.
 - ✓ Short-term and Long-term

2.L. Technology Issues.

(slide 1) **OTHER ISSUES AND CONCERNS**

(slide 2) **TECHNOLOGY ISSUES**

- City has an aging hardware/software.
- Example: City's main financial backbone, H.T.E., is 12 years old and limited.
- New technology is available that may require fewer resources.
- City currently uses an Enterprise-wide Resource philosophy versus "best of breed".
- Best of breed would offer enhanced tools in specific areas that could also require fewer resources with offset by the benefits lost from integration.

(slide 3) **TECHNOLOGY ISSUES**

- Example, in 2007, city purchased Fleet Software.
- City chose an H.T.E. product because of its direct interface with the financial and fuel systems.
- More modern software with "touch-scan" capabilities, could be more efficient for fleet staff.

Consensus was reached that Council is supportive of technology changes that are tied to specific goals and objectives of the organization.

2.M. Reduction in Force Policy.

(slide 4) **REDUCTION IN FORCE POLICY**

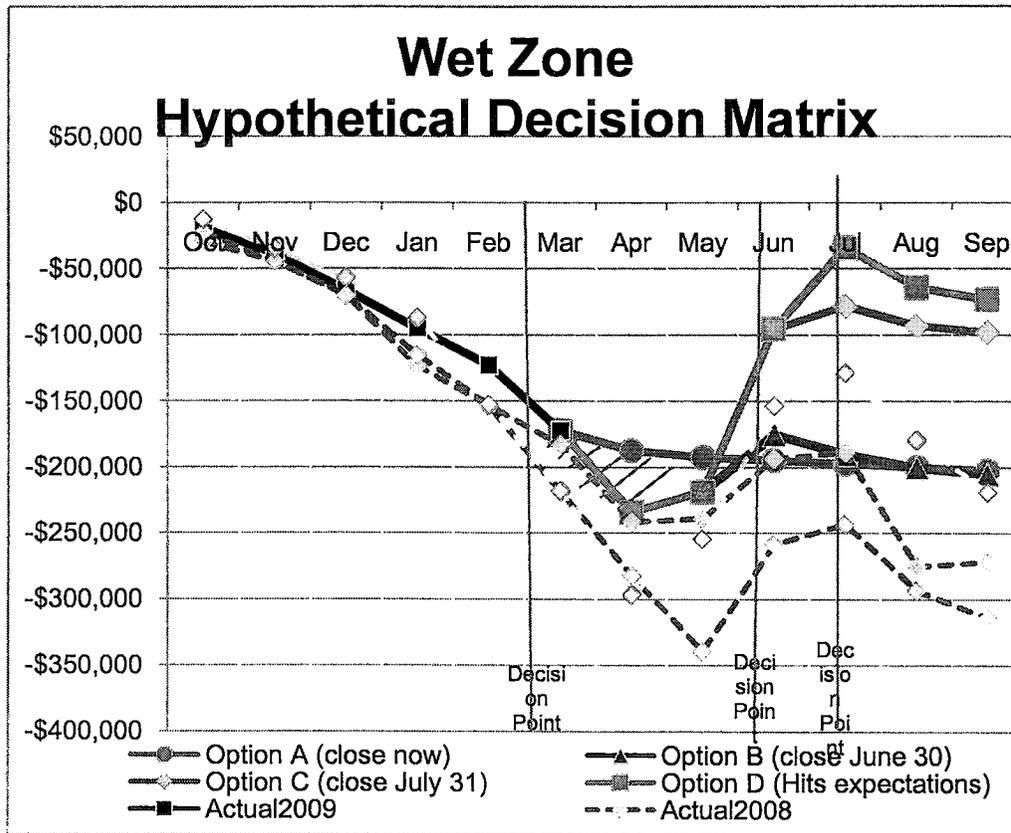
- City implemented a tenure based RIF procedure in 2007.
- Based on following:
 - Time in current position.
 - Time with the city.
 - Time with the specific dept.
 - Staff evaluating a "performance" based RIF.
 - To ensure that the most productive employees are retained.
 - Performance issues must be documented.

Consensus was reached that changes can be made as long as the City's liability exposure is not increased.

2.N. Wet Zone.

(slide 5) **WET ZONE**

- Operations have traditionally been subsidized by \$250k +/- a year.
- 2009 Challenges:
 - PGBT construction.
 - New management.
 - 2008 crypto.
 - Question for this year is can the Wet Zone maintain a smaller subsidy (i.e. less than \$100k).
 - Strategy employs holding back \$150k from freed up reserves in the event we miss the mark.



Consensus was reached for the City Manager to follow her plan for closing the Wet Zone if the proposed financial goals are not met on or before July 31, 2009. It was further encouraged to look at outsourcing the Wet Zone. Other comments included: 1) more people will probably use the Wet Zone this year due to the economy 2) construction of the PGBT may cause a hindrance for people trying to visit the Wet Zone 3) consider at least a one dollar increase in ticket prices to offset predicted shortages.

2.O. Two year Budget/Elimination of Budgeting for Outcomes.

(slide 7) **FY 2009-2010 BUDGET CHANGES**

FY 08-09

- Budgeting for Outcomes with blended depts./functions.
- Targeted performance measures.
- Line-item detail lost in translation.
- Inefficient.

FY 09-10

- Two year Budgeting with traditional departments.
- Meaningful performance measures.
- Line-item detail for transparent accountability.

Council was very supportive of changing from Budgeting for Outcomes to following a two year budget as long as the performance measures remain in tact.

2.P. Wrap-up.

Council had questions regarding IESI's contract.

3. ADJOURNMENT.

The meeting adjourned, to reconvene on Sunday at noon.

SUNDAY, APRIL 5, 2009:

1. CALL TO ORDER (12:00 Noon)

Mayor Harper called the meeting to order at 12:10 p.m.

2. WORK SESSION ITEMS.

2.A. Discussion of Cash CIP Philosophy (to include Debt vs. Maintenance; Maintenance needs; Technology Funding).

(slide 1) **Cash CIP Philosophy**

(slide 2) **CASH CIP/UPCOMING BOND ELECTION**

Fund Breakdown	Budget FY 07-08	Fund Breakdown	Budget FY 08-09
General	\$2,262,788	General	\$1,707,484
Water/Sewer	535,065	Water/Sewer	1,350,000
Drainage	113,124	Drainage	100,000
Econ Dev	150,676	Total	\$3,157,484
Grants	8,444		
Refuse	143,506		
Total	\$3,213,603		

(slide 3) **CASH CIP/UPCOMING BOND ELECTION**

- Other issues include:
 - The timing of the November 2009 bond election may conflict with the economic downturn.
 - Other possible dates may be May 2010 or November 2010.
 - The decline in the taxable AV may still be felt in 2011.

(slide 4) **CASH C.I.P.**

- *Debt vs. Maintenance.*
- *Given other deferred maintenance issues, will Council consider other maintenance being funded from this allocation in FY 2010? (i.e. Streets; Alleys; Water/Sewer; Screening Walls; Facility Maintenance; Fleet; Technology).*

The Cash CIP monies with regard to technology, the Coyle House, screening walls and facility maintenance (streets, alleys, water/sewer and fleet) were discussed at length. A Cash CIP fund is to be maintained with at least one million dollars continuously.

2.B. Presentation of latest recommendations from the Bond Committee.

(slide 5) **Latest Recommendations by the Bond Committee**

Mayor Pro Tem Gottel presented slides.

(slide 6) **Latest Recommendations by the Bond Committee**

2.C. Review Debt Forecasts prepared by First Southwest.

(slide 7) **Review Debt Forecasts by First Southwest**

2.D. Discussion of Goals & Objectives for FY 2010 Budget.

(slide 8) **Goals & Objectives for FY 2010 Budget**

(slide 9) **Goals & Expectations for FY 2010 Budget**

- City Manager will bring a balanced budget in August for Council consideration.
- This budget will not include a list of unfunded mandates. All unfunded needs will be included in the FY 2011 Budget, the 2nd year, which will not be adopted by Council.
- FY 2011 Planning Budget will be beginning point for budget development in FY 2011.
- Need clear direction today so CM can meet the goals established by Council without having to rebuild budget in August.

Several projects were discussed along with guidelines in the goals and expectations of the FY2010 budget. Those discussions included the following:

- *No tax increase*
- *Balance the cuts of programs with citizen's perception of needs*
- *At the time of the budget presentation, all issues are to be resolved*
- *No unfunded items are to be presented*
- *Consideration of a utility rate consultant*
- *Fees for services – and its relationship to various subsidies*
- *Step plan to continue but no salary increases*
- *Managed competition is to be reviewed*
- *Drainage fees*
- *New construction incentives should only pay for early completions and penalize for late completion*
- *Work with neighboring cities*
- *Grants and volunteer programs should expand*
- *Strategic Plan development is crucial as two seasoned Councilmembers will be leaving.*
- *Work toward a surplus*
- *Revisit downtown streetscapes*
- *Business retention is critical*
- *Technology lease program vs purchases and outsourcing*
- *Emergency Management Coordinators*
- *Special events (use of Hotel-Motel taxes)*
- *Seek funding for the All America presentation*

2.E. Clarification of Direction by City Manager.

The City Manager reviewed with Council a list of items which she and staff will be following-up, they included:

- *Coyle House*
- *TIF*
- *Internal Service Funds*
- *Other Post Employment Benefits (OPEB)*
- *Texas Municipal Retirement System (TMRS)*
- *Pay Plan – Comparison Cities*

- *Fleet*
- *Facility Maintenance*
- *Technology Issues*
- *Reduction in Force policy*
- *Wet Zone*
- *2-Year budget and elimination of Budgeting for Outcomes*

2.F. Review of Budget Calendar

(slide 10) Review Budget Calendar

During the month of April, City Manager Humble plans to visit with at least 50 citizens. In May, the strategic work to move forward with the budget and a staff retreat is to take place. Proposals by staff are due May 1, 2009 with budget town hall meetings planned for the end of May.

2.G. Wrap-up.

Everyone was in full agreement that the Retreat had been very successful.

3. ADJOURNMENT.

Meeting adjourned at 4:20 p.m. by Mayor Pro Tem Gottel (Mayor Harper left about 45 minutes earlier).



John E. Harper, Mayor
Date Approved: April 21, 2009



Susie Quinn, City Secretary



City of Rowlett

Work Session Retreat Amended Minutes

4000 Main Street
P.O. Box 99
Rowlett, TX 75030-0099
www.rowlett.com

City Council

City of Rowlett City Council meetings are available to all persons regardless of disability. If you require special assistance, please contact the City Secretary at 972-412-6109 or write PO Box 99, Rowlett, Texas, 75030-0099, at least 48 hours in advance of the meeting.

Sunday, April 5, 2009
Amended

12:00 P.M. Noon (Sunday)

GISD Special Events Center
4999 Naaman Forest Boulevard
Garland, Texas 75040

As authorized by Section 551.071 of the Texas Government Code, this meeting may be convened into closed Executive Session for the purpose of seeking confidential legal advice from the City Attorney on any agenda item herein.

The City of Rowlett reserves the right to reconvene, recess or realign the Work Session or called Executive Session or order of business at any time prior to adjournment.

SUNDAY, APRIL 5, 2009:

1. CALL TO ORDER (12:00 Noon)

Mayor Harper called the meeting to order at 12:10 p.m.

2. WORK SESSION ITEMS.

Item 2B slides presented by Mayor Pro Tem Gottel were not included in the minutes approved on April 21, 2009. Therefore the following is an amendment to those minutes.

2.B. Presentation of latest recommendations from the Bond Committee.

(slide 5) Latest Recommendations by the Bond Committee

Mayor Pro Tem Gottel presented 27 slides.

Slide 1:

Bond Committee

Program Update

April 5, 2009

Slide 2:

5 Key Areas of Focus

- Neighborhood Revitalization
- Facilities
- Infrastructure
- Economic Development
- Parks and Recreation

Slide 3:

Neighborhood Revitalization

- Type of projects
 - Neighborhood screening walls
 - Living screen walls
 - Fences
 - Alleys
 - Sidewalks
 - Streetscape enhancement
- Public Improvement District (PID)

Slide 4:

Facilities

- Types of projects
 - Police Station
 - Fire Station
 - Library
 - City Hall
 - Cultural Arts / Historical Center
 - Animal Shelter
 - Senior Center

Slide 5:

Infrastructure

- Water
- Sewer
- Major roads
- Streets
- Drainage
- Sidewalks

Slide 6:

Economic Development

- Key focus on new development areas
 - Areas along the President George Bush Turnpike
 - North shore area
 - Waterfront entertainment district
 - Main Street and surrounding area
 - Areas near DART station

Slide 7:

Parks and Recreation

- Enhancement of existing parks
 - General recreation
 - Sports facilities
 - Field enhancement
- Development of new parks
 - Pocket parks
 - Lakefront parks

- Walking Trails
- Lakeshore enhancement

Slide 8:

Committee Structure

- Chairman
- Vice Chairman
 - Facilities Subcommittee Chair
 - Membership
 - Neighborhood Revitalization Subcommittee Chair
 - Membership
 - Infrastructure Subcommittee Chair
 - Membership
 - Parks and Recreation Subcommittee Chair
 - Membership
 - Economic Development Subcommittee Chair
 - Membership

Slide 9:

- Chairman – Todd Gattel
- Vice Chairman – Michael Gallops
 - Facilities Subcommittee Chair – Deb Shinder
 - Neighborhood Revitalization Subcommittee Chair – Justin McNamee
 - Infrastructure Subcommittee Chair – Walt Parker
 - Parks and Recreation Subcommittee Chair – Bill Barber
 - Economic Development Subcommittee Chair – Sharon Russell

Slide 10:

Roles and Responsibilities

- Bond Committee
 - Ad hoc committee created by Mayor
 - Reviews current unfunded CIP projects and create recommendations for City Council
 - Assist with the “Education Campaign” to Citizens
- Subcommittees
 - Responsible for identifying key needs from City Staff, Boards and Commissions and Citizens
 - Subcommittees review project costs and unfunded projects
- Boards and Commissions
 - Provide assistance and recommendations at the request of the Subcommittee

Slide 11:

Roles and Responsibilities

- City Staff
 - Assist Subcommittees with recommendations on key projects
 - Provide Subcommittees with project costs
- Subcommittee Chairs
 - Work together to prioritize ALL projects to meet key needs

- Subcommittee Chairs work with City Finance Department to understand any budget implications
- City Council
 - Confirm priority of projects based on need/cost and have recommendations placed on ballot for election

Slide 12:

Key Function / Mission

- Subcommittee
 - Review and understand current CIP
 - Identify unfunded and new key projects
 - Prioritize projects in order of importance
- Bond Committee
 - Prioritize ALL projects
 - Order of importance
 - Impact to community
 - Quality of life, etc.

Slide 13:

The Education Process

- Subcommittees
 - Meet 1-2 times a month
 - Work with City Staff
 - Meet with groups / organizations
 - Site visits
 - Ask lots of tough questions
 - Need vs. want
- Chairs
 - Meet 1-2 times a month
 - Review progress and discuss ideas

Slide 14:

Key Milestone Targets

- July 2008
 - Kick-off Meeting
- August 2008 – March 2009
 - Subcommittees meet
 - Work with City Staff / Boards and Commissions to develop and review key projects
 - Understand cost of each project and impact to community
- April 2009
 - Subcommittees submit prioritized list to Bond Committee Leadership Team
 - Bond Committee meets and prioritizes list
 - Today
- May 2009
 - Bond Committee presents recommendations to City Council
 - Council reviews and confirms priorities
- July 2009
 - Public Bond Hearings

- August 2009
 - City Council finalizes recommendations to be placed on ballot
 - Education campaign begins
- November 2009
 - Bond Election

Slide 15:

Key Findings – Overall

- Facilities
 - ~\$ 68M
- Neighborhood Revitalization
 - ~\$ 6M
- Parks and Recreation
 - ~\$ 30 M
- Infrastructure
 - ~\$ 200M
- Economic Development
 - Discuss

Slide 16:

Key Findings – Overall

- Facilities
 - ~\$ 68M
- Neighborhood Revitalization
 - ~\$ 6M
- Parks and Recreation
 - ~\$ 30 M
- Infrastructure
 - ~\$ 200M
- Economic Development
 - Discuss

} Over \$300 M

Slide 17:

Key Findings – Economic Development

- We discovered that each subcommittee has Economic Development
- Reassigned responsibilities to Phase I - Education Campaign
 - Gather key contact information
 - Find out key information
 - What are the groups or organizations?
 - Who to contact
 - When / where do they meet? How often?
 - Best method of contact?

Slide 18:

Key Findings

- Neighborhood Revitalization

Ranking	Options for Consideration	Rational	Estimate Cost
1	Screen Walls fronting main points of entry 13,000 linear feet	13,000 @ \$90.00 linear feet = \$1,117,000.00	\$1,117,000.00
2	Screen Walls elsewhere within the	11,000 @ \$90.00 linear feet =	

	city 11,000 linear	990,000.00	\$990,000.00
3	Large stone monument Miller road entrance	One large monument based on prior city cost	\$25,000.00
4	Lakeshore Reclamation Project previously Proposition 4	Prior bond election cost	\$3,990,000.00

Slide 19:

Key Findings

- Parks and Recreation

Partially Developed Neighborhood Parks Completion	As identified in the 2004 Parks, Recreation and Open Space Master Plan these partially developed Neighborhood Parks must be completed to offer Rowlett Citizens a local opportunity for recreation and family leisure as promised for a number of years.	1	\$3,900,000.00
Katy Railroad Park	Project would include complete grading and drainage study of existing ponds and landscape area to prevent further erosion. Install playground, pavilion, basketball courts, one additional U12 soccer field, sand volleyball court, and eight foot wide concrete walking jogging trail around the perimeter of the park. Recreational amenities may vary as result of final design.		\$1,400,000.00
Isaac Scruggs Park	Project would include grading and drainage improvements, installation of an eight foot wide concrete walking/jogging trail with bridge over drainage ditch, a drinking fountain, practice soccer field, irrigation for the entire site, parking lot and landscaping. Recreational amenities may vary as result of final design.		\$1,600,000.00
Twinstar Park	Project would include grading and drainage improvements, installation of an eight foot wide concrete walking/jogging trail, practice soccer field, irrigation and landscaping for the entire site, and a pavilion for neighborhood gatherings. Recreational amenities may vary as result of final design.		\$900,000.00

Athletic Field Revitalization for 6 Baseball, 8 Softball, 14 Soccer	Funding would allow for the renovation of league athletic fields including baseball, softball and soccer. With the constant use of facilities athletic fields show much stress and decline. It is imperative to allocate funds for renovation and reconstruction of these facilities. Each field will be evaluated by staff and professional athletic contractors to determine the extent of work required. Under most cases removal of existing infield material will be required and new clay mix installed as the soil structure has broken down dramatically over the years. Transition areas will be redefined as designated by the sport and turf replacement and enhancements will occur. Skinned areas will be laser graded an infield conditioner worked into the soil structure to decrease rain out possibilities.	2	\$2,500,000.00
Baseball			\$900,000.00
Softball			\$1,200,000.00
Soccer			\$400,000.00

Slide 20:

Key Findings

- Facilities

PRIORITY	FACILITY	COST ESTIMATES (ROUGH)
1	Fire Station #2 – New construction (city already owns land)	\$3,109,250.00

2	Police and Courts Building (New construction; includes land acquisition; 88,722 square feet) Police and Holding only (does not include Courts; 76,831 square feet)	\$29,346,000.00 \$25,664,000.00
3	Animal Shelter (expansion 5,400 additional square feet) Animal Shelter (new construction 9,400 square feet)	\$654,000.00 \$1,600,000.00
4	Library (new construction; library only; 40,000 square feet) Library (new construction; with senior center and auditorium; 60,000 square feet) Library (expansion with senior center and auditorium; 60,000 square feet)	\$12,178,000.00 \$17,741,000.00 \$16,169,000.00
5	Senior citizens center	Recommended that it be included in some other facility
6	Auditorium	Recommended that it be included in some other facility or as an add-on to the library
7	City Hall (new construction; 54,524 square feet)	\$16,338,000.00

Slide 21:

Key Findings

- *Infrastructure*

Slide 22:

Recommendation Process

- Bond Committee to meet as a whole
- Prioritized Subcommittee List to be sent out prior to meet for review
- Prioritization exercise
 - Breakfast meeting – TBD
 - Subcommittee Chairs to review respective list
 - All projects placed in order of importance by area
 - Top project in each category completes for top spot

Slide 23:

Key Challenges

- Managing the tax burden
 - What is the right time for the project?
 - Is there debt service retiring that can be replaced?
 - How much growth will there be in our tax base?
- Prioritizing the importance and impact of each project to our community
 - Best and highest use of bond money
 - Long term cost?
- Will the Citizens see enough value to warrant the expense?

Slide 24:

Council Discussion

- How much?
- What is the right time?
 - November '09
 - May '10
- Discussing potential impacts to operating budget

- Does the project have any reoccurring costs?

Slide 25:

My Recommendation

- November '09 Election
- Bond up to the amount that will NOT increase taxes
 - ~\$45M = ~ 2 years CIP projects
 - Continue with CIP program for two additional years
- Based on the improved economic conditions, consider a larger bond package at that time

Slide 26:

What I need from you

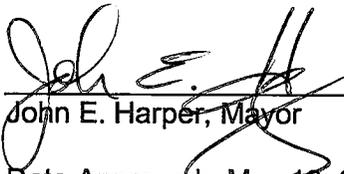
- Council approval for breakfast meeting
- Council approval for education campaign dinner meeting
- Promise not to cannibalize the recommended list
 - Special work sessions to be scheduled
- Approval for a marketing budget
 - Amount TBD

Slide 27:

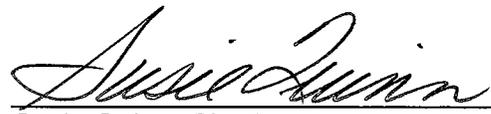
Questions / Comments

Following the slide presentation, the Council discussed the information at length.

This is the remainder of the information for item 2B – the minutes approved on April 21, 2009 include all of the remaining agenda items.



John E. Harper, Mayor



Susie Quinn, City Secretary

Date Approved: May 19, 2009