

MINUTES OF THE CITY COUNCIL BUDGET WORKSHOP
CITY OF COLLEGE STATION
AUGUST 15, 2011

STATE OF TEXAS §
 §
COUNTY OF BRAZOS §

Present:

Nancy Berry, Mayor

Council:

Blanche Brick
Jess Fields
Karl Mooney, arrived after roll call
Katy-Marie Lyles
Julie Schultz
Dave Ruesink

City Staff:

David Neeley, City Manager
Kathy Merrill, Deputy City Manager
Frank Simpson, Deputy City Manager
Carla Robinson, City Attorney
Sherry Mashburn, City Secretary

1. Call to Order and Announce a Quorum is Present

With a quorum present, the Budget Workshop of the College Station City Council was called to order by Mayor Nancy Berry at 3:09 p.m. on Monday, August 15, 2011 in the Carter Creek Wastewater Training Facility 2200 North Forest Parkway, College Station, Texas 77842.

2. Presentation, possible action, and discussion on the FY 201 1-2012 Proposed Budget.

Jeff Kersten, Chief Financial Officer, provided a review of the proposed FY11-12 budget. The focus of discussion was on the Water and Wastewater Funds and the General Fund – Part1.

Water Fund: Projected revenues for FY12 are \$13,780,000. These revenues are derived from user fees and water rates. No rate increase is proposed. The forecast does show future rate increases. There is an impact of the drought on water revenues in FY11. Expenditures are projected to be \$14,488,902. Operations and Maintenance is \$6,345,907. There is a service level adjustment reduction in the amount of \$45,480 because we are discontinuing fluoridation and reducing the Conservation Rebate Program. A 2.5% performance increase in the amount of

\$36,852 is included. Debt service is \$4,796,645. \$1,950,000 will be transferred to Capital Projects, and \$1,222,850 will be transferred to the General Fund (ROI). The line item for Economic Development in the amount of \$12,500 was questioned. Mr. Kersten provided a brief overview of the key water system production projects, distribution projects, and rehabilitation projects. We will use \$1.9 million in current revenues to pay for these projects and issue debt in the amount of \$6.1 million.

Wastewater Fund: FY12 revenues are projected at \$12,919,000. These revenues are derived from user fees and a FY12 proposed rate increase of 5%. The forecast shows additional future rate increases. Expenditures are projected at \$12,047,941. Operations and Maintenance is \$6,536,932. There is a service level adjustment of \$132,000 for interceptor cleaning/evaluation. Pay adjustments are projected at \$58,584. Debt service is \$4,114,467. \$1,120,000 will be transferred to Capital Projects, and \$1,206,542 will be transferred to the General Fund (ROI). Mr. Kersten provided a brief overview of the key wastewater system collection projects, rehabilitation projects, and CIP projects. We will use \$1.1 million in current revenues to pay for these projects and issue debt in the amount of \$7.5 million.

General Fund Revenues: Key budget policy points include economic uncertainty, organizational restructuring, utility transfer policy, tax rate, public safety, and pay/benefits. General Fund revenues are proposed at \$54,260,962. For FY11 year-end revenue is estimated to show that sales tax is estimated higher than the approved budget by \$873,000. ROI is estimated to be lower than the approved budget by \$1.5 million. The revenue for FY12 has a 1.7% proposed increase over the FY11 year-end estimate. It anticipates an increase in ad valorem revenue of \$1.2 million, and increase sales tax by \$400,000. The ROI is expected to decrease by \$2 million.

Sales tax makes up 37.5% of General Fund revenues. FY11 sales tax is forecast to be 4.5% higher than anticipated.

Regarding property tax revenue, our certified value this year is \$5.74 billion, with an increase of 5.2% over last year's valuation. There is \$148 million in new values. Existing value has increased by 2%. The median home value is \$209,942. Our current tax rate is 44.7543 cents, and the Effective Tax Rate is 43.7995 cents. The rollback rate is 45.4682 cents. The proposed tax rate is 43.7995 cents; this is broken down to 20.1536 for debt service and 23.6459 for operations and maintenance. The effective tax rate provides additional resources for fire station #6. Each penny generates about \$533,000. Property tax revenues make up \$13.5 million, or 25% of the proposed general fund revenue.

\$10,060,270 is proposed to be transferred from electric utilities. In lieu of franchise fees are \$4.9 million or 14.6%. The ROI is \$2.1 million or 3.95%. Current fiscal policy is we will not transfer more than 10% of the total estimated operating revenues. We expect to reduce transfers by \$2 million in 2012 and \$1 million in FY13. On the water side, we will not to exceed 10% of the total estimated operating revenues. In lieu of franchise fees are \$800,000 and ROI is \$522,000. Wastewater transfers will also not exceed 10% of total operating revenues. In lieu of franchise fee are \$723,000. The ROI is \$820,000.

Franchise/mixed drink revenues are projected at \$2.4 million or 4.5 %. State budget changes will result in less mixed drink tax allocated to the City. Telephone franchise fees anticipate a slight decline. Licenses and permits are projected at \$0.9 million or 1.8%. There are minimal changes in other revenue categories.

General Fund Expenditures: We typically budget at 97% for salary and benefits. Increases have been included for TMRS contribution requirements and the City's portion of health care benefits. Budget reductions have occurred through reorganization and the elimination of 27.25 positions city-wide, 21.25 in the general fund. This provided an estimated savings of \$1.5 million city-wide and \$1.2 million in the general fund. Other reductions include building maintenance, overtime, technology upgrades, travel and training, etc.

An overview of general fund departments was begun and will continue throughout the budget workshops this week:

Police Department: FY12 expenditures are proposed at \$14.6 million. This included a recurring service level adjustment for fitlife testing (\$22,375), deferral of the next steps of the Strategic Plan (hiring of additional officers), and the next phase of the step pay plan to increase sergeants' and lieutenants' pay rates.

Fire Department: FY12 proposed expenditures are \$13.3 million. Service level adjustments for Fire Station #6 operations and maintenance are in the amount of \$7 million. \$639,070 are one-time funds to get the facility up and running. There are \$1.2 million in recurring costs. A service level adjustment for one-time maintenance on Fire Station #4 is \$80,000. TAMU will reimburse half the cost.

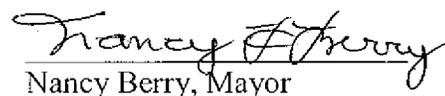
Public Works: FY12 proposed expenditures are \$6.7 million. This includes the CIP department, and a service level adjustment for a structural study for the conference center -- a one-time cost of \$25,000. The proposed budget includes \$350,000 for street rehabilitation. The streets proposed for rehabilitation include: Rock Prairie West, Brothers Blvd., Post Oak Circle, Muirfield Village, Jones Butler, and Hardwood.

3. Presentation, possible action and discussion on the 2010-2011 ad valorem tax rate; and, if necessary on calling two public hearings on a proposed ad valorem tax rate for 2011-2012.

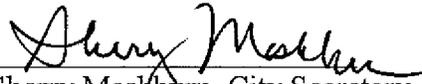
This item was not discussed.

4. Adjournment

MOTION: There being no further business, Mayor Berry adjourned the budget workshop of the College Station City Council at 6:04 p.m. on Monday, August 15, 2011.


Nancy Berry, Mayor

ATTEST:


Sherry Mashburn, City Secretary