

MINUTES OF THE CITY COUNCIL BUDGET WORKSHOP
CITY OF COLLEGE STATION
AUGUST 20, 2012

STATE OF TEXAS §
 §
COUNTY OF BRAZOS §

Present:

Nancy Berry, Mayor

Council:

Blanche Brick
Jess Fields
Karl Mooney
Katy-Marie Lyles, arrived after roll call
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 4:16 p.m. on Monday, August 20, 2012 in the Carter Creek Wastewater Training Facility 2200 North Forest Parkway, College Station, Texas 77842.

2. Presentation, possible action, and discussion on the FY 2012-2013 Proposed Budget.

Jeff Kersten, Executive Director of Fiscal Services, provided a review of the proposed FY12-13 budget.

City Wide Budget Issues

- Organization Restructuring and Streamlining: There have been \$7.6 million in budget reductions over the last four years. \$500,000 was reflected in the FY13 budget. 53.75 positions have been eliminated, and ten of these were removed in the FY13 proposed budget. Public Safety has been increased by 43 positions since FY09, including eight additional Police positions in FY 13.

- **Competitive and Sustainable Pay and Benefits:** The purpose is to attract and retain a well-qualified workforce. The Pay Plan has a 2.5% performance pay included. The Pay Structure is also adjusted by 3%. The Police Step Plan will be continued. The proposed budget also includes a proposal related to TMRS. The ad hoc committee has provided initial recommendations to maintain the core components of the plan. Two provisions are proposed for change: Updated Service Credits and the Cost of Living Adjustment. The USC will change for current employees from 100% to 75%. Also, the provision for Transfer USC will be turned off. The COLA for Retirees will be changed from the current 70% of the CPI to 50%. The cost savings is \$1.1 million. These are modest reductions and still provide a good retirement. We can move funds from retirement to pay.

General Fund Revenues

- **Sales Tax:** Sales tax makes up 39% of the General Fund revenues. The FY12 sales tax forecast is 5% higher than FY11 in the amount of \$21.3 million and is indicative of a modest economic recovery. The FY13 estimate is \$21.7 million for a 2% increase over the FY12 year-end estimate.
- **Property Tax Revenues:** The Appraisal District has certified property values in the amount of \$5.94 billion. This is an overall 3.6% increase over last year. There is \$120 million in new value, and existing values increased by 1.5%. Again, this is indicative of a modest economic recovery. The current tax rate is 43.7995 cents, and the effective tax rate is 43.0687 cents. The roll back tax rate is 45.9757 cents. Staff is proposing a tax rate of 43.0687 cents – the effective tax rate. This is the rate that would generate approximately the same revenue on the same properties this year as last year. Proposing the effective tax rate does not require additional public hearings and publications. This is broken down by debt service (19.5635 cents) and maintenance and operations (23.5052 cents). Each one cent increase will generate \$554,000 in revenue. The property tax revenues make up 25% of the proposed General Fund revenue stream in the amount of \$13.9 million. The debt service fund portion is \$11.6 million. He reiterated that proposing the effective tax rate does not require additional public hearings and publications. If a rate higher than the effective tax rate is considered, the Council must discuss the tax rate, vote to increase the tax rate, call and hold two public hearings, and adhere to public notice requirements.
- **Transfer from Utilities:** This budget continues with the reduction in the electric transfer. It would be reduced to 6% franchise level. \$2 million was reduced in FY11 and FY12, and another \$1 million reduction is proposed in FY13. The FY13 electric transfer is \$5,809,891. Future increases are based on electric kilowatt sales. Water, wastewater and sanitation transfers are capped at 10% of the revenue, for a total transfer if \$9,148,925. Utility transfers are 16.5% of General Fund revenues.
- **Other General Fund Revenues:** There have been some minimal changes in other revenue categories, such as franchise fees, licenses and permits, etc. These amount to a total of \$10,507,957 for 19% of the General Fund revenues.

General Fund Expenditures

- **Salaries and Benefits:** The Pay Plan proposal included \$947,149. There is a reduction in TMRS costs in the amount of \$1,018,623 and an increase in health insurance costs in the

amount of \$452,326. Nine positions have been eliminated in the General Fund and Recreation Fund for an estimated savings of \$500,000.

- Key Public Safety Additions: Additional officers and vehicles and associated equipment has been budgeted in the amount of \$895,681. Also a Police Assistant to free up sworn officers in the Criminal Investigation Division has also been added for \$62,423.
- Key Street and Transportation Additions: Street rehabilitation funding is included in the budget. \$150,000 has been budgeted for traffic and transportation: traffic signal synch and timing; traffic system fiber; traffic operations master plan; and intersection improvement analysis.
- General Fund Department Budget Information: Mr. Kersten noted that department summaries are available in the budget document, as well as a comprehensive list of service level adjustments.
- Non-Departmental expenditures: These expenditures include general and administrative transfers, public agency funding, Recreation Fund subsidy, other/transfers out, and contingency. The Other/Transfers Out (in the amount of \$1.9 million) include the Appraisal District, TX21, High Speed Rail, Gulf Coast Strategic Highway Coalition, state legislative consulting, the BVCOG, transfers from the General Fund to other funds (Economic Development, Interfund Load-First Street property, and Northgate Parking), and transfers from the General Fund to Capital Funds (timekeeping system, Health Science Center Parkway, and Streets—Royder/Live Oak).

General Fund Financial Forecast

- Revenues: Mr. Kersten noted that economic conditions result in conservative revenue estimates. Slight increases have been projected in sales tax revenue and minimal increases projected in property values.
- Expenditures: New expenditures have been limited. The pay plan is budgeted as proposed. Retirement costs have been reduced, but health care costs have increased. The forecast includes the continuation of the Police Strategic Plan. It includes maintenance and operations for capital improvement projects.
- Conclusions: Due to the economic conditions, and the slight increase in property values, the effective tax rate is being proposed. A modest growth in sales tax revenue is anticipated. The electric transfer policy change will be completed this year. Organizational restructuring and streamlining have allowed funds to be shifted to higher priority area. The proposed budget is balances and addresses many priorities.

Recreation Fund

Mr. Kersten noted there are public benefits to providing recreation programs, including health, public safety, and quality of life. These programs were intended to be paid for with user fees and other General Fund revenues. The fund was designed to identify revenues and total costs associated with recreation programs and facilities. Subsidy levels were identified, and decisions were allowed to be made on subsidy levels and funding priorities. The proposed Parks Fee Policy provides full fee support for programs such as the cemetery,. A Partial Fee Support I (50%-80%) addresses adult sport programs. The Partial Fee Support II (20%-50%) helps with youth programs and activities. Minimum Fee Support (0%-20%) aids with other parks, recreational and cultural programs. Anticipated revenue is \$1,029,100 and expenditures are \$3,970,841. The proposed FY13 subsidy is \$2,826,741 plus a one-time SLA for \$115,000 for a

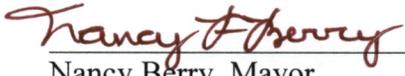
total subsidy of \$2,941,741. He briefly touched on the cost recovery for various programs. The youth sports programs and aquatics programs are generally meeting the cost recovery policies. Those not meeting cost recovery policies are adult sport programs, instruction programs and center programs. Policy decisions include: 1) consider increases in fees/participation; 2) consider reductions to program costs; 3) consider viability of continuing programs; and 4) consider moving programs to a different cost recovery level. Staff recommends reviewing those programs not meeting cost recovery policies and returning with recommendations this fall.

3. Presentation, possible action and discussion on the 2012-2013 ad valorem tax rate; and, if necessary on calling two public hearings on a proposed ad valorem tax rate for 2012-2013

This item was not discussed.

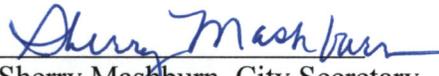
4. Adjournment

MOTION: There being no further business, Mayor Berry adjourned the budget workshop of the College Station City Council at 7:02 p.m. on Monday, August 20, 2012.



Nancy Berry, Mayor

ATTEST:



Sherry Mashburn, City Secretary