

**MINUTES OF THE BUDGET WORK SESSION OF THE CITY  
COUNCIL OF THE CITY OF NORTH RICHLAND HILLS,  
TEXAS, HELD AT THE AMERICAN AIRLINES TRAINING  
AND CONFERENCE CENTER, ROOM M106,  
4501 HIGHWAY 360 SOUTH, FORT WORTH, TEXAS,  
– AUGUST 7-8, 2009**

Present:

**City Council:**

Oscar Trevino	Mayor
Scott Turnage	Council Member / Mayor Pro Tem
John Lewis	Council Member
Ken Sapp	Council Member
Tom Lombard	Council Member
Tim Barth	Council Member
David Whitson	Council Member
Tim Welch	Council Member

**Staff:**

Larry J. Cunningham	City Manager
Karen Bostic	Assistant City Manager
Jimmy Perdue	Assistant City Manager
Mike Curtis	Managing Director
Vickie Loftice	Managing Director
Elizabeth Reining	Assistant to City Manager
Patricia Hutson	City Secretary
Larry Koonce	Director of Finance
Mark Mills	Director of Budget
Mary Peters	Public Information Officer
Patrick Hillis	Director of Human Resources
Jennipher Castellanos	Budget Analyst
Shirley Hoover	Financial Analyst

**CALL TO ORDER**

Mayor Trevino called the Council Budget Work Session to order August 7, 2009 at 8:40 a.m. with all council members present. Mayor Trevino announced that the Crime Control and Prevention District Board would meet in conjunction with the City Council Budget Work Session. Mayor Trevino made opening remarks. The Mayor discussed the budget being a tight budget but that it showed appropriate steps had been initiated at the right time to lessen the impact of declining revenues. Mayor Trevino asked Council if they were supportive of the recommended service and program adjustments. Each Council Member commented on the budget document and each was supportive of the recommended adjustments.

Throughout the work session staff presented a PowerPoint presentation that provided an overview of the revised and proposed budgets for each fund, the initiatives to be continued from previous years, modifications to existing services and enhancements and highlights of the proposed 2009/2010 Capital Projects Budget.

The City Manager began the presentation by discussing budget challenges created by the downturn of the national economy, the current economic climate and how the City is dealing with it. Mr. Cunningham highlighted some of the accomplishments achieved by the Departments the past year. Council was advised the current fiscal year is projected to end with a positive balance. While sales tax numbers have dropped over the past year, sales tax revenues are anticipated to be almost level in 2010 as in 2009 with the City collecting next year approximately \$8.4 million in sales tax in the General Fund. Mr. Cunningham advised of budget assumptions used to prepare the proposed budget and reviewed highlights of the proposed budget. The proposed budget provides for a balanced budget maintaining the same level of service to the public, a property tax rate of 57¢, stabilization of sales tax, provides for increased fuel and maintenance costs, meets the goals established by the Council, provides a compensation plan that balances the needs of employees with costs and includes service and program adjustments needed due to the economic situation.

Mr. Mills provided an overview of the revised General Fund Budget and the Proposed General Fund Budget. Mr. Mills explained the General Fund and the departments and revenue categories included in the General Fund. A brief overview was provided of the Revised 2008/2009 General Fund Revenues and Expenditures. Mr. Mills discussed the adopted versus revised revenues and expenditures and general fund ending balances, the history of net taxable values, changes in property value, 2009 taxable values and he compared single family property values and sales tax receipts. The proposed 2009/2010 General Fund Revenues were presented. Council was presented with a graph showing the revenue and expenditure categories and percentage for each category. Mayor Trevino requested Staff to provide a graph for each year beginning in 2001 that would show the history of the percentage of change in the categories. Mr. Mills reviewed the adopted versus proposed General Fund revenues and expenditures and highlighted the significant changes. Councilman Lewis advised he would like to receive additional information on the reserve drawdowns – what would normally have been placed in reserves but was not because of the economic situation. Mr. Mills discussed the proposed tax rate of 57¢ and advised because the rate was below the effective tax rate of \$0.588866 and the roll back rate of \$0.575776 the City would not be required to hold the two public hearings required by law on the tax rate. Council advised that even though the public hearings were not required, they were in favor of holding a public hearing.

Mr. Cunningham presented the following proposed service and program adjustments for the upcoming budget year:

- Changes in personnel distributions – several positions have been readjusted among the funds to better reflect workload.

- Suspension or reduction of some special events – Recommended for suspension are People & Pet Walk-a-Thon, Pet Photos with Santa and Doggie Dive-in, Autumn Night Concerts, Companies in Action, Discover Project Green and reducing Sounds of Spring from six concerts to four. Also being recommended is combining the Fire, Police and R-Spirit banquets into one event and the suspension of the City's contribution of the Northeast Chamber's Hometown Heroes event and the Black Tie & Silent Auction
- Position eliminations – Recommended is the elimination of six full time positions and four part time positions. The elimination of the full time positions can be accomplished without any employees being laid off.
- Overtime reductions – Creative scheduling will be used to limit overtime as much as possible.
- Reductions in travel and training, pay and benefit adjustments and internal service allocations.

Mr. Hillis gave an overview of plans for the City's pay and benefit adjustments. Council was advised that due to economic considerations pay range adjustments and the stability benefit program were suspended in the 2009/2010 budget. Plans are to conduct a market survey in May 2010 to determine pay range adjustments for 2010/2011 and the feasibility of reinstating the stability benefit will be reevaluated next fiscal year. Mr. Hillis discussed recommended changes to the health insurance program to allow the City to maintain the cost sharing target of 80/20 percent approved by Council several years ago. Mr. Hillis discussed the continuation of the eight year phase in option for TMRS at a 2010 contribution rate of 16.10 percent with the same level of benefits for 2010. Council was advised that in May 2009, the City received from TMRS its contribution rate letter notifying the City of three additional actuarial changes made by the TMRS Board which increased the City's ultimate contribution rate from 18.43% to 20.18%. Staff is recommending the suspension of the Supplemental Death Benefit which will lower the City's 2010 contribution rate to 15.90%. Staff is also recommending for Fiscal Year 2009/2010 a temporary reduction of the Merit Pay Program reducing performance incentive to 2%.

Mayor Trevino recessed the work session at 11:05 a.m. and called the work session back to order at 11:20 a.m.

Mr. Koonce reviewed with Council the Summary of Property Tax Revenue and Distribution and the General Debt Service Fund. Council reviewed and discussed the Budget Summaries.

Mayor Trevino asked for Council consensus on the General Fund Budget, the debt service and setting the tax rate at 57¢ per \$100 valuation. All members of the Council concurred.

Mayor Trevino recessed the work session at 11:40 a.m. and called the work session back to order at 12:40 p.m.

Mr. Mills briefly explained to Council the purpose of the Special Revenue Funds consisting of the Crime Control and Prevention District, Park and Recreation Facilities Development Corporation, Promotional Fund, Donations Fund, Special Investigation Fund, Drainage Utility Fund, Gas Development Fund and Traffic Safety Fund.

Mayor Trevino announced at 12:45 p.m. that he was recessing the Council Budget Work Session and calling the Crime Control and Prevention District Budget Work Session to order. After the District's Board of Directors discussed the proposed budget, Mayor Trevino adjourned the Crime District Work Session at 1:00 p.m. and called the Council's Budget Work Session back to order at 1:00 p.m.

Council reviewed and discussed the remaining budgets for the Special Revenue Funds.

Mr. Mills gave an overview of Park and Recreation Facility Development Fund highlighting the revised 2008/2009 Park Fund Revenues and Expenditures and the proposed 2009/2010 Park Fund Revenues and Expenditures.

Council concurred with the Park and Recreation Facility Development Fund as presented by staff.

Mr. Mills presented the budgets for the Promotional and Donations Funds. There was a suggestion from Council to promote the use of the Donation Fund.

Mr. Mills discussed with Council the Special Investigations Fund, Drainage Fund, Gas Development Fund and Traffic Safety Fund.

Mayor Trevino asked for a consensus from Council on all of the Special Revenue Funds. Council concurred with the Special Revenue Funds as presented.

The Proprietary Funds (Enterprise Funds and Internal Service Funds) were presented to Council.

Mr. Mills explained the use of the Enterprise Funds consisting of the Utility Fund, Aquatic Park and Golf Fund.

Mr. Mills discussed with Council the revised 2008/2009 Utility Fund Revenues and Expenses and the proposed 2009/2010 Revenues and Expenses. Mr. Mills presented the Aquatic Park Fund highlighting the attendance history of the park and discussing the Revised 2008/2009 Aquatic Park Revenues and Expenses and the Proposed 2009/2010 Revenues and Expenses.

Mr. Mills presented the budget for the Golf Course Fund discussing the history of rounds of golf played, the 2008/2009 Revised Golf Course Revenues and Expenditures and Proposed 2009/2010 Revenues and Expenditures.

Council concurred with the Enterprise Funds as presented.

Mr. Mills presented the Internal Service Funds consisting of the Building Services Fund, Equipment Services Fund, Information Services Fund and the Insurance Fund. Each of the funds was discussed with staff answering questions.

Council concurred with the Internal Service Funds as presented.

Mr. Koonce advised the Council's auto reimbursement policy provides that the Finance Director is to present annually to Council the activity for the year. Mr. Koonce reported that he had verified all reimbursement forms submitted and reported that everything was within the policy guidelines. The City Council was provided with a list of reimbursements and the verification is on file in the Finance Department. There were no questions from the Council.

Mayor Trevino recessed the work session at 2:00 p.m. and called the work session back to order at 2:15 p.m.

Council began a review and discussion of the Capital Projects Budget. Ms. Curtis presented the 2009/2010 Public Works Capital Improvements Program. Mr. Curtis highlighted the accomplishments for fiscal year 2008/2009. An overview was given of twenty continuing street projects and nine new street projects for 2009/2010 were presented and discussed. Mr. Curtis updated the Council on seven continuing drainage projects and presented five new drainage projects for 2009/2010. Mr. Curtis also updated the Council on the continuing utility projects and presented six new projects. After discussion and questions from the Council, Council concurred with the Public Works Capital Improvements Program.

Ms. Vickie Loftice presented the Park and Recreation Capital Projects Budget reviewing the history and accomplishments of the one-half cent sales tax since inception and highlighting the proposed revenues and expenditures for 2009/2010. Ms. Loftice briefly highlighted the continuing projects and discussed the new projects. Council was advised that the Walkers Creek Park Phase 2 project might be delayed should Council decide to move forward with locating the Senior Services in the new Recreation Center.

Council concurred with the Park and Recreation Development Fund Capital Projects Budget as presented.

Ms. Loftice presented the proposed 2009/2010 NRH20 Waterpark Budget reviewing the operating history of the park, proposed revenues and expenditures for 2009/2010 and new projects planned for 2010. Mayor Trevino requested that Council be provided along with the Attendance Comparison the number of rain days and average temperature for comparison with the attendance.

The Council concurred with the Park and Recreation Capital Projects Budget and the Aquatic Park Budget.

Mayor Trevino recessed the work session at 3:50 p.m. and called the work session back to order at 4:05 p.m.

Council began a review and discussion of the Municipal Facility Capital Improvements Program for 2009/2010. Mr. Curtis briefly highlighted the completed projects for 2008/2009. The continuing Municipal Facility Projects were highlighted. Mr. Curtis discussed the Concrete Repairs to Fire Station #2 and Mr. Perdue updated the Council on the Animal Adoption & Rescue Center Expansion project. Ms. Loftice provided a brief update on the new Recreation Center. The Permanent Building Maintenance new capital projects consisting of flooring replacement, HVAC replacement and interior / exterior renovations were highlighted. Staff also discussed with Council new projects consisting of an additional City Hall UPS, the Community Center South of Loop 820 and a Generator Upgrade / Replacement for Fire Station 2. Mr. Perdue updated the Council on locating a community center south of Loop 820. Council previously gave direction to staff to proceed with design and cost estimates utilizing the Old Food Lion building at 4131 Rufe Snow with the possibility of adding a dog park at the location. Staff presented to Council the preliminary cost estimates to renovate the building and the additional cost to add a dog park. Staff advised Council that because of the additional cost to add the dog park, it was felt it would not be the best use of resources and that another location south of 820 might be better suited for the dog park. Staff presented Council with options for the building renovation. Phase I would renovate approximately 15,000 square feet and Phase II would consist of approximately 11,000 square feet of additional space. After discussion, Council was supportive of bidding the entire project with option 2 as an alternate.

Council concurred with the 2009/2010 Municipal Facility Capital Projects.

Ms. Bostic presented and discussed the Major Equipment Capital Projects consisting of the following continuing and new projects:

Continuing Projects:

- Aerial/Sign Truck Replacement Unit 604
- Dump Truck Replacement Unit 680
- Fire Engine Replacement Unit 933
- Fire Quint Replacement Unit 931
- Network Infrastructure & Phone System Replacement
- Police Mobile Video System Upgrade

New Projects:

- Ambulance Replacement
- Backhoe Tractor/Loader
- LenSec Security Camera System
- Replacement of Automated Ticket Writers

The Council concurred with the 2009/2010 Major Equipment Capital Projects.

Mr. Perdue presented the 2009/2010 Economic Development Capital Improvements Program. Continuing projects highlighted were the Boulevard 26 Intersection Improvements, Business Improvement and Growth Program, Commercial Redevelopment Program, Sign Removal Assistance Program and TIF #1 Expansion – Intersection Improvements/Utility Burial. Council was advised of one new project that would provide TxDOT with an impact analysis and schematics to move the Bedford Eules westbound exit approximately 1/3 mile west utilizing the Davis & Boulevard 26 exit ramp and provide better visibility for commercial property. Councilman Welch was not supportive of moving the ramp and felt it should be further studied. After discussion, Council agreed for Staff to continue to meet with TxDOT and NTE to obtain more information and report back to Council on their findings for further discussion and direction from Council.

Council concurred with the 2009/2010 Economic Development Capital Improvements Program.

Mr. Perdue briefly discussed with Council the Litter Not Program and Neighborhood Initiative Program. The two programs have been moved to the Capital Improvements Program due to their being a multi-year project.

The Council concurred with the 2009/2010 Capital Projects Budget.

Mayor Trevino asked for a reconfirmation of Council consensus with all budgets and funds as presented and setting the tax rate at \$.57. All Council members reconfirmed their consensus.

Mayor Trevino called to Council's attention the budget calendar and dates for the upcoming public hearings.

There being no further business, Mayor Trevino adjourned the work session on August 7, 2009 at 5:20 p.m.

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Oscar Trevino – Mayor

**ATTEST:**

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Patricia Hutson, City Secretary