

THE FLOWER MOUND TOWN COUNCIL WORK SESSION HELD ON THE 20th DAY OF MAY, 2010 IN THE FLOWER MOUND TOWN HALL, LOCATED AT 2121 CROSS TIMBERS ROAD IN THE TOWN OF FLOWER MOUND, COUNTY OF DENTON, TEXAS AT 6:00 P.M.

The Town Council met in a regular meeting with the following members present:

Melissa Northern	Mayor
Tom Hayden	Deputy Mayor Pro Tem
Steve Dixon	Councilmember Place 2
Steve Lyda	Councilmember, Place 4

with the following members absent:

Al Filidoro	Mayor Pro Tem
Mike Wallace	Councilmember Place 3

constituting a quorum with the following members of the Town Staff participating:

Harlan Jefferson	Town Manager
Paula Paschal	Town Secretary
Chuck Springer	Assistant Town Manager/Chief Financial Officer
Kenny Brooker	Police Chief
Eric Metzger	Fire Chief
Gary Sims	Executive Director of Community Services

A. CALL WORK SESSION TO ORDER

Mayor Northern called the work session to order at 6:10 p.m.

B. INVOCATION

Councilmember Lyda gave the invocation.

C. PLEDGE OF ALLEGIANCE TO THE AMERICAN FLAG AND THE TEXAS FLAG

Councilmember Lyda led the pledges.

D. WORK SESSION ITEMS

1. Discuss the Town Council's FY 2010-2011 Budget Priorities.

Assistant Town Manager/Chief Financial Officer Chuck Springer gave the following presentation.

Mr. Springer commented that in order to balance next year's budget, staff would be looking at rate adjustments.

Deputy Mayor Pro Tem Hayden asked if the proposed 4% increase was for both water and sewer rates.

Mr. Springer responded yes, and added that staff may consider lowering the number for a normalized year.

Mayor Northern asked about the fees for the purchase of water.

Mr. Springer stated the Upper Trinity Regional Water District typically increased fees by 5% per year. Staff had not received the proposed rates yet for this year. He noted that revenues had been based on a normalized year.

Deputy Mayor Pro Tem Hayden noted that staff had predicted a 9% increase in usage from 2009-2010 to 2010-2011. He asked what would happen if the rates were increased and usage was not met.

Mr. Springer stated it would require a transfer from the General Fund to the Utility Fund to cover the shortfall.

Deputy Mayor Pro Tem Hayden asked for an explanation of the administrative transfer (\$750,000).

Mr. Springer stated staff had budgeted this year to transfer administrative costs from the General Fund to the Utility Fund, however, the working capital had to remain at 10% or more.

Councilmember Lyda asked if a reduction in the SMARTGrowth cap would affect the contracts for water.

Mr. Springer stated that in the future, the Town would not have to budget much more than the cap.

Deputy Mayor Pro Tem Hayden asked what the Town would do if the appraised value was down more than 4%. He noted that the projection was to have to cut \$1.9 million from next year's budget.

Mr. Springer noted that one large expenditure last year was the tornado cleanup (\$400,000). He did not anticipate that revenues will meet budget, adding that values dropped for businesses this past year.

Councilmember Lyda asked about the sewer averaging policy for winter months.

Mr. Springer stated that was a Town policy, not state policy. He explained that there was much outdoor watering in Texas. To get a fair comparison on what was going into the wastewater system, the Town used the months of December, January, and February for the averaging. He stated the averaging was only for residential, not commercial.

Deputy Mayor Pro Tem Hayden was concerned about the projections for next year in the Utility Fund. He did not want to get into a situation of having to look at a tax increase next year. He suggested looking at a 6% increase in utility rates rather than 4%.

Councilmember Dixon asked what might be some alternatives to sell more water. The Town had no control over appraised values.

Town Manager Harlan Jefferson stated the topic of selling water had been on the Council's priority list for the last couple of years. He stated the Town did sell water to drilling companies. He noted that Flower Mound did have some dual certified areas with other municipalities. He noted that the Town could not sell water (retail) because of the contracts with the two water providers. One area in Flower Mound that was not in the Town's certified area was the Chinn Chapel Soccer Complex. Canyon Falls was not yet developed but will bring customers on line in the future. He noted that all municipalities were subject to the fluctuation in water patterns.

Deputy Mayor Pro Tem Hayden stated that if the Town desired to sell water to other municipalities, they would want a long-term contract, not just a temporary contract.

Mr. Jefferson stated the long term contract was considered to be five years. He did not want to commit to another municipality and get in a situation where the Town needed the water.

Deputy Mayor Pro Tem Hayden asked how many positions were being held vacant. He asked how that affected services and if citizens would notice any impact.

Mr. Jefferson stated there were 10-12 vacant positions. He did not feel citizens would notice any reduction in services. He was being very selective of the positions that were filled and that were left vacant. He stated he was holding off on filling vacancies until the Town received the appraised values from the Denton Central Appraisal District.

Mr. Springer stated an Efficiency Committee of Town staff had been created to identify expenditure reductions and efficiency improvements. Several audits were in progress (CoServ, Atmos, franchise fees, electricity bills paid by the Town, sales tax revenues, etc.). Mr. Springer noted that no changes were being proposed to the health plan for employees.

Councilmember Dixon asked if staff looked at the plans for comparable cities. He stated he would like to see a report, broken out by benefits.

Mr. Springer stated he would bring that information at the retreat.

Deputy Mayor Pro Tem Hayden asked what type of feedback the Town received from employees on the health plan.

Mr. Springer stated he would get that information from Human Resources. He noted that the budget would have to start absorbing the costs for 27 firefighters (SAFER Grant) and two battalion chiefs.

Mayor Northern asked for the percentages on the SAFER grant.

Mr. Springer stated that in 2008-2009, the federal government participation was 62%, in 2009-2010 it was 58%, in 2010-2011 it would be 43%, in 2011-2012 it would be 26%, and in 2012-2013 it would be 10%.

Deputy Mayor Pro Tem Hayden stated the projections for revenues over the next 4-5 years were basically flat. He asked for projections for employment out to FY 2012-2013.

Mr. Springer stated employment had pretty much stayed the same.

Deputy Mayor Pro Tem Hayden stated it was a tremendous challenge to give raises to employees. Doing more with less employees would allow the Town to give raises in the future.

Mr. Jefferson stated the Town would work to stay competitive, adding that Flower Mound tried to stay on the cutting edge of technology. He continued that the Town was on the low end for employees per capita. Other cities were doing furloughs, job cuts, etc. He understood that the Town Council was committed to retaining good employees.

Mayor Northern stated she would like the policies for community support funding to stay in place.

Deputy Mayor Pro Tem Hayden stated that some small groups could not afford the required audit. He suggested that the Town require an audit every other year or every third year.

Mayor Northern asked staff to look at how much an audit costs.

Deputy Mayor Pro Tem Hayden stated he had talked about this with the representative from the Flower Mound Orchestra. The orchestra's budget was \$70,000-\$80,000 per year. They received \$13,000 from the Town and spent \$4,000 on an audit. It impacted their ability to purchase music.

Councilmember Dixon stated it did not make sense that organizations would have to spend \$4,000 on an audit. Maybe some CPAs would donate their time. He asked staff to get feedback from organizations on how much the audits cost.

Mr. Springer stated staff would request that information through the application process.

Councilmember Lyda suggested increasing the limit on a comfort letter especially for those who have a good history with the Town.

Councilmember Dixon agreed. He asked when the applications were due.

Mr. Springer responded that they were due on June 1.

Mayor Northern stated she would like to discuss community support funding at the retreat.

Councilmember Dixon stated that last year some organizations had an odd number in their requests. He asked if some organizations had a maximum they could get from the Town.

Mr. Springer stated in the guidelines there was a clause the Town could only give the organizations a set percentage of their total revenues.

Deputy Mayor Pro Tem Hayden asked how much of the Utility Fund rate increase was due to CIP projects.

Mr. Springer stated that last fiscal year the Town issued no debt for the utility system. This summer staff would come back with a debt issuance (about \$3 million). He noted that the Town had been putting off water and wastewater projects for several years.

Deputy Mayor Pro Tem Hayden asked if some of the CIP projects could be put off for another couple of years.

Mr. Jefferson stated that the elevated water storage tank in western Flower Mound was on the list, as the Town was already acquiring the site. He stated that the western pump station was fully designed. The Town did install a temporary booster station last year. He stated that the service center expansion would probably be postponed. That facility would be financed by both the General Fund and the Utility Fund. The Morriss/Gerault capacity improvement project was left off the list.

Councilmember Hayden stated that a priority should be to postpone as many projects as possible. The Town needed to evaluate what the postponements would do to services to the citizens.

Mayor Northern complimented staff for finding outside money to fund projects.

Mr. Springer responded that funding sources included the ¼ cent dedicated sales tax for fire stations; the FM 1171 project was mostly paid for by state and Denton County monies; and Spinks Road, Flower Mound Road, Garden Ridge and the Morriss/Gerault Phase 1 were all paid for by Denton County funding and the 121 Tolling Revenue. Other sources were listed in the presentation.

Councilmember Lyda asked if the western elevated storage tank was postponed, would that impact pressure plains separation. He asked about the rehabilitation of the elevated storage tank at Waketon, and how it would be taken out of service, and how that might affect the entire system.

Mr. Jefferson stated the Town could not split them into two plains until the western elevated tank comes on line. When the system is fully engaged during summer months, pressure was an issue. With the western elevated on-line, the Town will be able to lower the pressure at the Stonehill pump station and protect the water lines.

Town Engineer Edith Marvin stated that the western elevated storage tank was needed for pressure and fire protection. There were state laws that governed the Town on water needs.

Mayor Northern asked staff to look at the possibilities of televising all public meetings. She noted that the Council might have to prioritize which ones could be funded.

Deputy Mayor Pro Tem Hayden asked where the Town was going to find the \$2 million in the General Fund.

Mr. Jefferson stated staff would use the Efficiency Committee and look at their recommendations. He added that staff would firm up the expenditures and revenue forecast through June and bring back information to the Council in July.

2. Discuss the proposed renovation of Building C, 2121 Cross Timbers Road, formerly old Town Hall, for use as a temporary senior citizens center.

Gary Sims, Executive Director of Community Services gave the following presentation.

Deputy Mayor Pro Tem Hayden asked that staff show additional costs if the building was revised for a senior center.

Mayor Northern clarified that \$397,700 was the projection with the proposed layout.

Mr. Sims responded yes. If approved, staff would meet with members of Seniors In Motion and get their input. He noted that an architect had not been chosen yet.

Deputy Mayor Pro Tem Hayden asked how much funding might come from the Park Development Fund.

Mr. Sims stated there was between \$145,000 and \$150,000 from the insurance settlement, and the remainder could most likely come from the Park Development Fund. It may require shifting the priorities of some projects.

Deputy Mayor Pro Tem Hayden asked if the numbers included furnishings.

Mr. Sims stated the furniture from the Golden Lounge would be used. A few pieces might have to be purchased.

Deputy Mayor Pro Tem Hayden stated it was costly to move Meter Services out of Building C. Additionally, the space for the existing Golden Lounge could be rented out to make additional revenue for the Community Activity Center (CAC). That might off-set the costs of the temporary senior facility.

Mr. Sims stated the CAC might realize \$20,000 annually from rental fees of the Golden Lounge and the tree rooms.

Mr. Jefferson stated the Town would have to spend about \$170,000 if Building C was going to be just for offices. It would take another \$227,000 to make it a senior center. The additional revenue from the CAC would help to off-set the lease space if employees were moved back to Building C from The Atrium.

Mr. Springer stated the Town currently was leasing space at The Atrium for records storage (1,500 square feet at \$23,977 annually), Meter Services, and Facilities (2,400 square feet at \$36,840 annually). The combination of the two lease spaces was a total of \$60,817.

Deputy Mayor Pro Tem Hayden asked where the Town would find the \$200,000.

Mr. Jefferson responded that the Town could use the insurance money, Park Development Funds and funding from the Community Development Corporation. He felt the Town could probably get pretty close to funding the improvements.

Mr. Springer stated the Town might have to postpone other projects in the Park Development Fund.

Mayor Northern asked if there were any grant opportunities.

Mr. Sims stated there were Texas Parks and Wildlife grants, but they generally did not fund senior facilities.

Mayor Northern asked staff to look at funding from the Community Development

Corporation.

Mr. Jefferson stated staff would identify all options. Town Council direction was desired so that the Town could contract with an architect to draw the plans. Staff would then be able to get a better estimate. Mr. Jefferson stated it might be 9-12 months before the space was finished out.

Deputy Mayor Pro Tem Hayden commented that the operating budget for the Seniors In Motion program was \$140,000. He asked if that would change, and he asked for the operating costs for the temporary building.

Mr. Springer stated the operating costs would be built into next **year's** budget. Staff had not added any other funds for additional programming. The current staff members would move over from the CAC, and the Facilities budget would increase about \$56,000.

Deputy Mayor Pro Tem Hayden asked for the procedure for naming a facility.

Mr. Jefferson stated the procedure was contained in the Parks Policy. A PALS Board subcommittee would make recommendations to the full PALS Board, and then the Board would make a recommendation to the Town Council.

Mayor Northern stated if the Town Council agreed to move forward with the temporary building, she would suggest that the facility be named after Shirley Voirin. She stated Ms. Voirin served on the 2002 Blue Ribbon Committee, was an original founder of the Seniors in Motion program, and served as an election judge for many years.

Deputy Mayor Pro Tem Hayden stated it was very important to get feedback from the seniors. He volunteered to work with the seniors, Mr. Sims, and the architect. He noted that Building C was just an interim building and a permanent facility would require additional funding (a possible tax increase) and most likely approval of the voters. He suggested possibly putting it on the November ballot.

Councilmember Lyda was in favor of moving forward with the temporary building.

Councilmember Dixon also was in favor of moving forward, having the Seniors in Motion leadership meet with Deputy Mayor Pro Tem Hayden, the architect, and Mr. Sims. He suggested that someone talk with Shirley Voirin about the naming of the building. He asked staff to present a timeline for the stand alone senior center.

Mr. Jefferson stated staff would bring this back to Council in August with cost estimates and the impact on the tax rate. He noted that 1 cent would generate about \$600,000.

3. Discuss the Town's environmental programs and potential sustainability initiatives and all matters incident and related thereto.

Director of Environmental Services Matt Woods reviewed the following presentation.

Mayor Northern stated she would like to establish a **Mayor's** Special Committee on Environmental Sustainability that would look at bringing different stakeholders and different ideas on long-term future sustainability. She stated she would like to revitalize the **Mayor's** Residential Advisory Group under a different name. She also stated she would like some type of Code Enforcement Committee. She asked staff to bring a resolution to the next meeting that would support the FRAC Act. Mayor Northern stated she would like to see the analysis of centralized collection facilities (CCFs) and gas wells impact study. At the next meeting, she asked that the ordinance that was attached to the petition be brought back for consideration. She also wanted the Town Council to consider a moratorium on new applications for gas wells. She asked that the Town Council consider eliminating a CCF Specific Use Permit. Mayor Northern stated the Council needed to consider amending the oil and gas pipeline ordinances by placing the CCF standards in the ordinances and eliminating product water options. She asked that the Council consider appointing an Oil and Gas Board as mentioned in the petition ordinance. She also asked the Council to review and authorize a mixed-use study. She stated that usually mixed-use projects have a maximum of 40 acres per project, and Flower Mound had already authorized two projects that were quite large.

Mr. Jefferson stated Specific Plan Area 8 had over a few hundred acres.

Mayor Northern stated Flower Mound had a fairly large land use for mixed-use projects, and she wanted to see what Flower Mound could absorb as a community.

Deputy Mayor Pro Tem Hayden referred to the **Mayor's** Committee to review sustainability. He thought this was an excellent idea and asked that the Committee bring forth a quarterly report on their progress. He noted that the Allied Waste contract was coming up soon.

Mr. Jefferson stated the renewal date was October 1, 2011. Staff would begin the bidding process nine months prior, as the Town had to give Allied 90 days notice.

Deputy Mayor Pro Tem Hayden was in agreement with the **Mayor's** Committee for Code Enforcement. He noted that Mayor Northern has asked that the Council consider a moratorium on new applications for gas wells. He felt that would go hand-in-hand with reviewing the oil and gas ordinance. He asked if, in the past when the Council had done review of other ordinances, had moratoriums been placed.

Mr. Jefferson stated that in Flower Mound history, the Town had done that 4-5 times. He noted that in order to change the Specific Use Permit ordinance, it would have to go to the Planning & Zoning Commission first. He stated it could be double noticed and the Town Council could hear it as early as June 21.

Councilmember Dixon was in favor of moving forward with the **Mayor's** Committee. He recalled that at the gas drilling meeting earlier in the year at the Library, the presenter had commented that if a driller used municipal water for fracing they could use less biosides or possibly none at all. He was interested in having more information about that, as it could be extremely important to the environment. He asked if the Town could make that required or at least highly encouraged. It would be another way to sell more water.

Mr. Woods commented that a driller was required to provide information about their water source.

Deputy Mayor Pro Tem Hayden referred to the mixed-use study, and stated he would like to see a review and analysis on how much mixed-use the Town could support and compare that information with the survey cities.

4. Discuss the Town's code enforcement program.

This item will be put on a future work session.

E. ADJOURN WORK SESSION

Mayor Northern adjourned the work session at 8:45 p.m. on Thursday, May 20, 2010, and all were in favor.

TOWN OF FLOWER MOUND, TEXAS

MELISSA D. NORTHERN, MAYOR

ATTEST:

PAULA J. PASCHAL, TOWN SECRETARY

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