

THE FLOWER MOUND TOWN COUNCIL WORK SESSION HELD ON THE 12th DAY OF AUGUST, 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 work session with the following members present:

Melissa Northern	Mayor
Al Filidoro	Mayor Pro Tem
Tom Hayden	Deputy Mayor Pro Tem
Steve Dixon	Councilmember Place 2
Mike Wallace	Councilmember Place 3
Steve Lyda	Councilmember, Place 4

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

A. CALL WORK SESSION TO ORDER

Mayor Northern called the work session to order at 6:01 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. Hold a discussion regarding the FY 2010-2011 Proposed Budget and Community Support funding.

Town Manager Harlan Jefferson stated there was an internal mission with staff to give excellent customer service in order to provide for long-term success. In January 2009, he had started talking about the recession, and that it usually took 18 months or so to determine the outcomes. A "chill" was into effect on vacant positions in the spring of 2009. Additionally last year the Town did not expend all of the revenues (over \$100,000). Another chill was implemented in the spring of 2010. In May 2010 the Town Council received a budget update. The Town Council completed the budget questionnaires in June. Additionally in June, Mr. Jefferson stated he implemented a reorganization that included employee cuts. The employee Efficiency Committee helped to determine reductions in the proposed budget. With all those decisions, some people had been concerned about customer service levels to the citizens. He reviewed the changes in Fire Inspections Services, and noted that performance had increased substantially.

Assistant Town Manager/Chief Financial Officer Chuck Springer gave the following presentation. The Council asked questions throughout the presentation.

Deputy Mayor Pro Tem Hayden asked what Mr. Springer believed was an appropriate level of reserves as compared to expenditures, and he asked about the rating companies' expectations.

Mr. Springer was comfortable with the 15%-20% range, adding that it was dependent on how the economy was doing. The rating agencies were comfortable with the 15% minimum in the financial policies.

Mr. Jefferson commented that the Charter required a 10% level, and staff always tried to have an extra 5%.

Mr. Springer commented that about six of the survey cities would be increasing the municipal tax rate.

Regarding the electronic agenda packets, Councilmember Dixon asked how the Planning & Zoning Commission would be able to review the detail on big plans online without having the paper packet.

Mr. Springer commented there could be an exception for large plats or plans.

Mayor Northern commented that some businesses had been asking for a membership fee to the Community Activity Center (CAC) for their employees who worked in Flower Mound but did not live in the Town.

Councilmember Dixon suggested that if a business was a Chamber of Commerce member, the Town might look at offering memberships to the CAC for the employees of that business.

Mayor Pro Tem Filidoro asked if other civic groups could be included, such as the Rotary Club.

Mr. Springer stated the Town would have to have a list of proof of membership.

Deputy Mayor Pro Tem Hayden asked what was done for Town employees.

Tammy Wilson, Director of Budget Services, responded that employees could have a membership for \$10 per month, and the families paid the regular family rate.

Deputy Mayor Pro Tem Hayden asked how many employees took advantage of that type of membership.

Mr. Springer stated he would have to research that number.

Councilmember Dixon asked about the change in retiree insurance, and the ages of the people who would be affected. He noted if they were enrolled in Medicare, they might have to pay \$250 instead of \$800-\$900.

Mr. Springer commented that retirees could remain in the plan until they were 65.

Councilmember Wallace requested that staff check the survey cities about what they were doing for retiree insurance.

Deputy Mayor Pro Tem Hayden addressed the proposed fee changes, noting that the

Town was going to have another year with minimum or no raises. He stated it seemed odd to take away coffee and water and not give raises. He felt the Town needed to do some things for employees including a discounted rate for a family membership at the CAC. He was concerned with increasing fees during an economic slump.

Councilmember Lyda asked how soon the central controller for irrigation would pay for itself.

Mr. Springer did not have specific cost information.

Mr. Jefferson stated the controller would reduce manpower costs, and staff would look at a payback schedule.

Mayor Pro Tem Filidoro asked which of the fees represented budget adjustments to help balance the budget and which were recovery of costs.

Mr. Springer stated the fees for the Police and Fire Youth Academies were for supplies. The fees for retired computers would recover some of the costs. Tournament fees would recover costs. Lap lane fees at the CAC would not represent any revenue for this year. The pavilion rental fees would mostly recover costs. The Seniors in Motion (SIM) membership fee would cover newsletter costs. The business CAC membership would increase revenue at the CAC as would the locker rental fees. Re-inspection, fence, and health services permit fees would recover costs, as would the alcoholic beverage permit fee.

Councilmember Dixon appreciated Deputy Mayor Pro Tem **Hayden's** comments about the slump in the economy. He asked Mr. Springer to look at the fee schedule again and make sure the fees were revenue neutral.

Councilmember Lyda stated the CAC fees would ultimately help the Town, and the re-inspection fees would encourage builders to do the job right the first time.

Mr. Jefferson explained that this was just the proposed budget. He noted that the Town had been a big supporter of cost recovery regarding fees. He stated staff used the NCTCOG survey data to benchmark the fees. Even though some of the fees were small, if they were adjusted when they were small, it would not be such a big hit. He stated the tax rate had not been raised in many years.

Deputy Mayor Pro Tem Hayden stated he wanted to study the list some more. He was in favor of cost recovery but concerned about the timing. Regarding the SIM membership fees, he did not care for the message that this was sending.

Mayor Northern commented that other cities were cutting services at libraries and pools, however Flower Mound was going to be able to maintain services.

Mr. Jefferson asked the Council if they wanted another work session.

Councilmember Wallace supported the proposed changes.

Mr. Jefferson noted that the SIM membership fees would go into effect when the temporary senior center opened in about a year.

Councilmember Dixon commented that since the seniors would have access to a

commercial kitchen and lunches five days a week, he could support the increase.

Councilmember Wallace asked how long alcohol permits had been had been free.

Town Secretary Paschal Paschal explained that the Town did not have a permit. The business had to apply with the TABC, and she had to certify that they were in a wet area.

Deputy Mayor Pro Tem Hayden did not agree with taking away coffee from the employees, and he felt the Town was putting a burden on residents with higher fees. He felt there should be fees for the oil and gas industries for the time that had been put into the situation. He asked what the direct impact from the industry was in terms of appraised value for minerals and fees that were in place. He also expressed concern about putting a burden on businesses with an alcoholic beverage permit, however he could support it.

Mayor Pro Tem Filidoro stated the total amount of the fees could save two employee positions. If fees were cut, the Town would have to cut back on services or facilities.

Councilmember Lyda asked if the town had alarm permit fees.

Mr. Jefferson stated there was an initial registration fee, but not an annual fee. A homeowner could have up to three false alarms before they are charged a fine.

Councilmember Lyda stated it would help keep records up-to-date if there was an annual fee.

Mr. Jefferson responded that staff would check with the survey cities and report back to the Council.

Mr. Springer commented that the majority of survey cities did charge an annual fee. The average was about \$31 for residential and \$39 for commercial.

Adrienne Lothery, Budget Analyst, stated the Town had issued 12,372 permits, and an annual fee would be a significant revenue source.

Councilmember Dixon asked if the dynamic speed limit signs were effective.

Kent Collins, Assistant Town Manager, stated they just reminded drivers what the speed limit was and how fast they were driving.

Mr. Jefferson commented that the signs would be an indication to citizens that the Town was implementing techniques to provide more safety. He noted that one speed limit trailer was on order, and the others had malfunctioned over the years.

Mr. Collins commented that the raised median at Windsor Court would have to be cut out, irrigated, sodded, and landscaped. The homeowners' association would take care of maintenance long-term.

Councilmember Wallace noted that the dynamic speed signs were effective in Lewisville when approaching Old Town.

Councilmember Hayden asked where the money would come from to pay for the Windsor items.

Mr. Jefferson stated he would look at the fund balance, as the three items appeared to be one-time expenditures.

Deputy Mayor Pro Tem Hayden stated the road was still a year away. He stated the items were important, and maybe the Council should wait until the next budget year to implement the changes.

Mr. Jefferson stated the Town could consider phasing in the items.

Mayor Northern asked if seizure funds could be used for the dynamic signs.

Mr. Jefferson stated he would check with the Town Attorney.

Mayor Northern suggested putting in the signs soon, and do the other items next year.

Councilmember Lyda prioritized the items in this order: dynamic signs, the raised median, and then the trail improvement on the box culverts.

Mr. Springer reviewed the three-year general fund projections, and stated that he estimated zero growth for FY 2010-2011 and FY 2011-2012, and a 3% increase for each of the next two years.

Mayor Pro Tem Filidoro was concerned about the 3%, and he preferred it to be more conservative.

Mr. Springer stated the Town was starting to see some sales tax revenue from the hospital.

Mayor Pro Tem Filidoro preferred more of a flat sales tax.

Deputy Mayor Pro Tem Hayden asked Mr. Springer what concerns the Council should have in the next 5-10 years.

Mr. Springer commented that as the Town ages, replacing infrastructure will be significant, particularly roadways.

Mr. Collins stated the Town was thankful for the dedicated sales tax, but it was still losing some ground on the deteriorating roadways. He stated that the majority of the dedicated sales tax had gone to the replacement of roadways, and other sources were needed for street maintenance.

Mayor Northern asked about street lights.

Mr. Springer stated there were 19 locations for new street lights, and they would be one-time expenses.

Mayor Pro Tem Filidoro stated they were about \$3,000 a piece.

Mr. Collins stated that most of the locations were in Pecan Acres. Staff would reach out to the residents that would be affected to make sure they would be in agreement.

Mayor Northern asked staff to send the list of locations to the Town Council. She asked if there was a ratio of firefighters to residents.

Mr. Springer stated that when the Revenue Options Committee was meeting, the Town only had three fire stations. Now there were two more open. At the Town's ultimate buildout, seven stations would be needed.

Fire Chief Eric Metzger stated the Town was currently at 1.4 firefighters per 1,000 residents. The benchmark was 1.45 firefighters per 1,000 residents. When the ISO rating was done, the Town was only at 45,000.

Deputy Mayor Pro Tem Hayden asked if the Town's ISO 2 rating was in jeopardy.

Chief Metzger stated the Town still had an ISO 2 rating. Some issues with the water system were being addressed. He noted that there was no monetary benefit to go to ISO 1 and no insurance premium reductions. However, if the rating went lower than ISO 2, residents could see some increases in their insurance (20%-30%).

Mr. Collins reviewed the Infrastructure and Capital Improvements budgets.

Mr. Collins stated there were opportunities for Twin Coves Park. Concept A included a 200-foot buffer along residential areas. There would be a primary road and secondary roads. A preserve area would be located across from the marina. Concept A included a boat launch, a courtesy dock for police and fire, a recreational cove, RV slips, trail access, picnic areas, a kayak launch, pavilions, restrooms, a play area, and rental cabins. Staff was still working with the Corps of Engineers on the development of the area. The septic system would be assessed. The major costs would be the roadway and general clean up. Concept B had many of the same amenities, however the rental cabin area was much larger.

Mayor Pro Tem Filidoro stated the Council would like to tour the property. He asked if there were any state grants available.

Mr. Collins stated the outdoor grant that the Town applied for on the Wilson Carmel tract could be used. He noted that the Corps was looking for someone to take over the park. The Community Development Corporation was supportive of making the improvements.

Mayor Pro Tem Filidoro was not sure if this was the right time to take on this project.

Mr. Collins commented that taking the lease would count towards the Town's inventory of parks, particularly related to SMARTGrowth issues.

Deputy Mayor Pro Tem Hayden stated Twin Coves Park would be a great addition to the Town. He stated he would be in favor of moving Phase 2 of the Wilson Carmel tract out and take care of Twin Coves as soon as possible. He asked about the Morriss Road project, noting that The River Walk was not progressing as anticipated. He asked what would happen if the developer money did not come in.

Mr. Jefferson responded that if the Town did not have the funding, the Council would have to amend the resolution that had been passed. He noted the Town did not want to use tax revenue for this road. The actions that would trigger the construction would be the river walk amenity or 2014, whichever happened first.

Deputy Mayor Pro Tem Hayden suggested looking at the resolution again and the triggers for Phase 2.

Mr. Jefferson stated staff planned to bring a change order to the Town Council to address the third lanes in Phase 1 around the middle school and other locations. The Council could discuss the resolution at that time.

Councilmember Wallace asked if the Town would consider removing the landscaping and fencing north of FM 3040.

Mr. Jefferson stated that could be discussed. Staff wanted to plant the landscaping early so the landscaping could be mature before the third lanes were put in.

Councilmember Wallace asked why Yucca Drive was not on the CIP.

Mr. Collins stated it was discussed at the last TIRZ meeting, and the decision was to move forward with Chinn Chapel and push Yucca back.

Mr. Jefferson commented that the TIRZ Board asked if the Town had received a request to improve Yucca, and staff had not received any requests.

Mayor Pro Tem Filidoro had a hard time making a connection between lanes, landscaping, and fencing, noting there were some real eyesore issues with fences on Morriss Road. He stated he would not be in favor of tying them all together.

Deputy Mayor Pro Tem Hayden asked if the Town had a really wet year, would the General Fund have to help out the Utility Fund. He noted that the velocity of increases in utilities was at a level that was not sustainable and the Town needed an alternative plan.

Mr. Springer explained that the Town had increases passed along from the Upper Trinity Regional Water District (UTRWD). Costs had increased about \$5 million over the past six years. He explained that the Town was one member of 29 members. The Town did have excess capacity, and as Flower Mound grows, it will be used. He stated the Town was in a long-term contract with the UTRWD (30-year contract that began in 1993).

Deputy Mayor Pro Tem Hayden stated that when there was an opportunity, the Town needed to build surplus in the Utility Fund, and he added that should be made a priority.

Regarding Community Support, Mayor Pro Tem Filidoro supported the change in the policy regarding audit letters. He suggested that members of Council go through the funding numbers and send their suggestions to the Mayor in an effort to minimize the process. He was not in favor of discussing this item tonight.

Councilmember Lyda also supported the change in the policy. He commented that the Council may need to change the policy that determined the maximum amount that can be given.

Councilmember Wallace commented that given the fact that the budget was down, no raises would be given, and that 14 positions were eliminated, he supported limiting the approved amount for this year to be the same that was given out last year.

Deputy Mayor Pro Tem Hayden asked Mr. Springer to expand the schedule to show the requests and how much was funded for each year since FY 07-08.

Mr. Springer stated he would send that information to the Council.

The consensus was support on the change to the policy regarding the audit issue and that each member of Council would send their suggestions on funding levels to the Mayor by Monday, August 23.

Mr. Jefferson stated the Council would have another chance to discuss the budget at the public hearing on August 26.

E. ADJOURN WORK SESSION

Mayor Northern adjourned the work session at 9:04 p.m. on Thursday, August 12, 2010, and all were in favor.

TOWN OF FLOWER MOUND, TEXAS

MELISSA D. NORTHERN, MAYOR

ATTEST:

PAULA J. PASCHAL, TOWN SECRETARY