

MINUTES OF CITY COUNCIL/STAFF BUDGET WORK SESSION FOR THE PROPOSED FISCAL YEAR 2010-11 BUDGET HELD BEGINNING AT 8:40 A.M., JULY 23, 2010 AND ENDING AT 3:45 P.M., JULY 23, 2010 AT THE MESQUITE CONVENTION CONFERENCE CENTER, 1700 RODEO DRIVE, MESQUITE, TEXAS 75149.

Present: Mayor John Monaco, Council members Al Forsythe, Brian Hutcheson, Stan Pickett, Shirley Roberts, Dennis Tarpley, and Bill Porter; City Manager Ted Barron; Deputy City Manager Carol Zolnerowich; Director of Administrative Services Ted Chinn; Finance Director Don Simons; Police Chief Derek Rohde; Fire Chief Mark Kerby; Director of Public Works Tim Tumulty; Director of Parks and Recreation Cliff Keheley; Director of Human Resources George Mones; Budget Coordinator Mark Holloway; Budget Analyst Myra Rogers; Management Analyst Dana Dotson; Communication Manager Wayne Larson; Director of Community Development Richard Gertson; Director of Community Services Valerie Bradley; Assistant Director of Public Works Jerry Dittman, Police Officer Don Williams; Fire Lieutenant Harlon Lowrance, and Firefighter Jeff Dillon.

CALL TO ORDER – 8:40 A.M.

Mayor John Monaco called the meeting to order.

WORK SESSION – PELHAM ROOM – 8:40 A.M.

1. **CITY MANAGER’S OVERVIEW**

City Manager, Ted Barron, began his overview of the budget by discussing the local and regional economy and while the City of Mesquite is beginning to recover from “what many are calling the great recession” the recovery for Mesquite will be slow and may take longer than the growing cities in the Metroplex. Mr. Barron mentioned that for this budget year, the City must take into account the rebounding struggle of its two major revenue sources sales tax and property tax; regional concerns such as the depressed housing and commercial property market; along with increasing expenditures from demand for services, employee benefits, inflation, water and sewer rate increases from the North Texas Water District amongst other challenges. Mr. Barron believes even after the recession is over there will be an emergence of a new economy that will force the City to examine and re-examine its service levels, priorities, organizational processes, staffing level, and possibly change the way it does business altogether creating an importance and urgency to continue efforts towards Project Renewal.

After mentioning that the reduction in consumer confidence because of various economic factors has hampered consumer spending that accounts for approximately 70 percent of the Nation’s economy, Mr. Barron presented a graph of the historical monthly sales tax collection for the City of Mesquite to illustrate his point. Mr. Barron points out that since January 1992 sales tax grew at an average of 6.7% each year; however, after the dot.com, internet bubble busted in 2000 and the recessions that followed sales tax has declined at an average of 0.4 percent per year. Mr. Barron mentioned that while monthly sales tax collection has started to

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improve, he only foresees it returning to its post 9 /11 reality and the effects of the dot.com bubble and the recession of 2001 basically reset sales tax growth from a 7 percent annual growth to a flat revenue source. Mr. Barron's major concern is that there will be a similar reset on the property tax revenue.

Mr. Barron explained that the baseline budget includes a projected 5 percent drop in taxable assessed value of property which means a loss of another \$1.5 million next year on top of the \$2.4 million loss this year. Mr. Barron presented a tax roll comparison graph showing the growth of the tax roll since 1980 with blue bars to represent the time and duration of recessions. Mr. Barron is very doubtful that the current property values will return in the next decade and only anticipates property values to increase slightly which will equate to minimum increases in one of the City's major revenue sources for at least the next 5 years to get back to 2008 numbers.

Mr. Barron then presented a chart showing the North Texas Municipal Water District (NTMWD) member water rate projections that include an increase in the wholesale water rate that the NTMWD will be charging the City in the future. He explained that the District is proposing to increase the rate from \$1.25 per 1,000 gallons to \$1.38 per 1,000 gallons for next year and there are more increases to come over the next ten years to help the District recover its debt service costs associated with its increasing capital programming and aging water treatment process. As a result, Mr. Barron explained that the City is looking to increase its water and sewer customer rates.

Next, Mr. Barron directed everyone's attention to page 15 in Tab 1: City Manager's Message of the Budget Book which summarizes all the employee layoffs, frozen and unfunded positions, and service reductions that have been made during the past two years. As mentioned by Mr. Barron, these reductions to the General Fund equated to over \$7 million. He then explained that the proposed budget for FY2010-11 is a "hold the line" budget as there are no pay increases other than the \$155,090 for required Police Officer and Firefighter step increases and none of the \$2.8 million General Fund expanded program requests or \$343,000 of addback program requests are included in the budget. In addition, three vacant positions are not funded. Mr. Barron said that the budget does propose a \$1.50 per month Solid Waste Fee increase and Contractor Registration Fee increase, and \$500,000 contribution to the City's health plan because of rising healthcare costs. Mr. Barron explained that George Mones, Human Resources Director, would be presenting the City of Mesquite's proposed medical plan during a future Council meeting as the Medical Task Force Advisory Committee and the City are still working to further reduce the rates.

Mr. Barron concluded his presentation by emphasizing that Mesquite's population is only growing at an average of 0.67 percent and as it matures it must continue to remain focused on Project Renewal, progressive initiatives to explore development opportunities, and infrastructure reinvestments to further stimulate future developments.

Mr. Barron offered to answer any questions that Council might have about his overview of the budget situation. Mayor John Monaco started with Councilmember Dennis Tarpley. Councilmember Tarpley wanted to comment on the property tax evaluations decline that Mr. Barron mentioned in his presentation. Mr. Tarpley emphasized that the evaluations have

declined \$4 million, from the FY2009-10 (\$2.4 million) to FY2010-11 (\$1.5 million) which he claimed is a major hit to the City of Mesquite's revenue budget as it is 5 percent of the budget. Councilmember Tarpley stated that it is a significant amount as the City is down on property taxes \$4 million from where it was two years ago which means a decrease in revenue. Council members Shirley Roberts, Al Forsythe, Bill Porter and Brian Hutcheson had no questions. Councilmember Stan Pickett commended staff on its ability to save \$11 million over the past several years. Mayor Monaco thanked Ted Barron for his overview.

2. GENERAL FUND REVENUES

Finance Director, Don Simons started his presentation with an overview of the General Fund revenue sources noting the major revenue sources of sales tax at 26.5 percent, property tax at 37.7 percent, and charges for services at 13.1 percent of the total revenue proposed to be collected in FY2010-11. In comparing revenue from Amended FY2009-10 to Proposed FY2010-11, Mr. Simons honed in on the proposed reduction in property tax of \$1.5 million or 3.96 percent decrease, the proposed sales tax increase of \$640,000 or 2.56 percent increase, and the proposed increase in charges for current services of \$1.4 million or 12.80 percent. The reason for the increase in charges for current services is mainly due to the proposed \$1.50 per month Solid Waste fee increase and the proposed Golf Course revenue of \$750,000 that is offset by expenses. In Summary, the total proposed revenue of \$97 million is an increase of \$459,544 or .48 percent.

Mr. Simons presented the 2010 certified value estimate for property tax which is a 5.02 percent decrease from 2009 current value and reviewed the different components of the exemptions that reduce the certified value for property tax. In relation to property tax, Mr. Simons provided a comparison of the tax roll over the past 7 years to illustrate the change in the tax roll since 2004 along with a bar graph depicting the percentage of change in the tax roll since 2004. Mr. Simons said there were decent increases in the years up through 2009 with 2010 decreasing 5.32 percent followed by an estimated reduction of 5.02 percent in 2011. Mr. Simons showed another graph of the fluctuations with new construction that has added to the tax roll since 2004 with a peak in 2008 and then a significant drop thereafter to the lowest amount reported of \$30.7 million in 2011 when looking back to 1992. Councilmember Pickett asked if the 2011 amount of new construction added to the tax roll was estimated and Mr. Simons explained that the amount for 2011 is what the City actually received on the tax roll for new construction. Mayor Monaco asked how the new construction added to the tax roll is determined. Mr. Simons replied that it is actual new building construction such as new houses and new commercial buildings. Councilmember Tarpley added that it is not a projection, but the number that is actually on this tax roll for new construction. Councilmember Tarpley then asked what happened in 2008 that caused a peak in new construction. Mr. Simons could not recall the specifics, but used his next slide comparing new construction of commercial versus residential since 2004 to show that majority of the increase in 2008 was in new commercial construction; however, he would have to look further into it to determine just what the commercial construction consisted of. Mr. Simons' next few slides showed how the Mesquite property tax has remained the same since 2008 at 64 cents per \$100 assessed value and that in comparison to Mesquite's seven benchmark cities, Mesquite's current year tax rate ranks in the middle at 5th out

of eight below Garland, Grand Prairie, and Arlington. Mayor Monaco made a statement that the property tax rate in 1998 was 64 centers per \$100 assessed value.

Mr. Simons then talked about sales tax revenue and showed a yearly comparison of sales tax revenue starting in 2004 with a peak of \$26.9 million in 2006, a drop to \$24.24 million in 2009 and then projected increases to \$25.04 million in 2010 and \$25.68 million in 2011. He followed up with another graph of general sales tax revenue trend going back to 1998 showing the major events including a peak in 2000 at \$26.64 million to go along with the others illustrated in the previous graph. The next chart showed a comparison of the percentage of change of tax roll to sales tax going back to 1999. Mr. Simons pointed out that in relation to tax roll and sales tax; there is concern when the positive percentage change of one does not offset the negative percentage of change of the other which began happening in 2009.

In regards to interest income, Mr. Simons displayed a line graph showing the yearly General Fund interest income going back to 1998. There was peak in 2007 and then interest income began to continually decrease until 2010 with a slight projected increase for 2011. Mr. Simons as backup presented a line graph illustrating average monthly interest rates since October 1997. The last reported average monthly interest rate was in June 2010 at 0.80 percent.

Mr. Simons concluded by offering to answer any questions related to the proposed revenue for FY2010-11. Mayor Monaco facilitated the question and answer session by first asking Councilmember Tarpley if he has any questions. Councilmember Tarpley asked how the interest rates compare to what the City is paying in bond rates. Mr. Simons said that bonds over a 20 year period are averaging 3.8 to 3.9 percent. Councilmember Tarpley then asked if the bond rates have declined comparable to the interest rates over the last 10 to 12 years. Mr. Simons said that it is comparable, but not as significant or dramatic as the interest rate decline, but Mr. Simons did offer to gather some historical data related to bond interest rates for Council's review. Councilmember Tarpley said he was just curious because he knows that the City has refinanced over the years and wondered if it would cause a comparable swing in what the City pays in bond interest rates. Mr. Simons responded that the City looks at bond interest rates every year to see if there is savings to be had by refunding and if there is savings then the City will refund. Councilmember Tarpley thanked Mr. Simons and said he would like to talk more about it later. Councilmember Roberts asked if there was something that happened last month that spiked the sales tax. Mr. Simons said that he did not see any major adjustments. Ted Chinn, Director of Administrative Services, followed up saying that the double-digit increase is a comparison of last year's June sales tax to this year's June sales tax and Mr. Barron interjected stating that last year was a historically bad year regarding sales tax. Councilmember Forsythe asked which line item includes the Data Center revenue and Mr. Barron said it is included under Personal Property. Mr. Simons directed Councilmember Forsythe's attention to the Personal Property line item on the 2010 Certified Value Estimate slide that showed a breakdown of the property tax value. Council members Hutcheson, Pickett, and Porter did not have any questions.

3. GENERAL FUND EXPENDITURES

Director of Administrative Services, Ted Chinn, gave an overview of the General Fund expenditures of \$97 million which is 0.5 percent above the FY2009-10 Amended. He explained

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that there are \$11.9 million on Certificates of Obligation which includes \$2.8 million for Capital Outlay such as vehicles, computers, etc. Mr. Chinn included that the major increases to the General Fund expenditures are \$155,909 for salary step adjustments for Police Officers and Firefighters that have less than five years of service, \$750,000 to manage the Golf Course which is offset by revenues, \$250,000 Health Fund transfer from Water and Sewer, and \$296,651 towards General Obligation Debt Service.

Mr. Chinn presented pie charts that showed expenditures by category and department. The first chart showed that 70.2 percent of the General Fund is allocated to personal services while the remaining 29.8 percent is divided amongst debt service at 8.5 percent, capital outlay at 2.6 percent, contractual services at 13.8 percent, and supplies at 4.9 percent. The second chart broke down expenditures by department with approximately half the budget going to Public Safety which Mr. Chinn said is typical in a Texas municipality. Mr. Chinn explained that Fire makes up about 23 percent at almost \$23 million and Police makes up about 30 percent with a little less than \$30 million. Mr. Chinn noted that Parks & Recreation's portion of the pie at \$8.1 million did not include the reimbursement from 4B. With the 4B reimbursement, Parks & Recreation's budget nets out to a little over \$4 million.

Mr. Chinn proceeded in explaining each department's major changes for the FY2010-11 budget, starting with General Government which includes primarily administrative services with approximately \$2 million included for Building Services. Mr. Chinn explained that the major decreases in the General Government budget are the unfunded Assistant City Manager and Accountant position vacancies. In the Housing and Community Services budget, Mr. Chinn noted that there is a \$15,400 savings in salaries for Animal Services and significant decrease in MTED capital acquisitions as they are not buying as many buses next year as they did this year. For the Fire Department, Mr. Chinn mentioned that they requested about \$134,000 in add-back programs that are not included in the budget and there is a \$155,000 increase in the Fire Department budget for step increases for Firefighters and overtime. In addition, there will be \$49,680 less revenue coming in next year as the SAFER grant will end this fiscal year. In regards to the Police Department, Mr. Chinn said the major increases will be for replacement vehicles in the amount of \$333,911 and \$90,897 for step increases for Police Officers with less than five years of service. The Police Department budget also includes a \$735,713 reimbursement from the Town Centre TIF for Town East Mall Security. Mr. Chinn explained that the Public Works decrease is mainly due to they are replacing fewer vehicles for the FY2010-11; however, Community Development's budget is basically the same as they have an increase in vehicle replacements for Environmental Code, but also a decrease in funding for capital items for Inspection Services and no funding for demolitions. Mr. Chinn said that Library Services has some salary savings, but an increase in periodicals and subscriptions and a \$65,000 increase in capital budget for books and computers. For Parks and Recreation, Mr. Chinn explained that their budget includes an increase of \$750,000 to manage the Golf Course and \$50,000 for Special Events such as Daddy Daughter Dance, Christmas in the Park, Doggie Splash Day, etc. that was moved from Donations, a separate fund, to Operating in the General Fund to better account for them. Councilmember Pickett emphasized that there was no funding for Parks within the Special Events Operating expenses and Mr. Chinn confirmed that there are no program changes just a better way to account for the expenses. Also, there is \$115,711 worth of savings through salaries and fewer recreation supplies. Other Expenditures which includes

Insurance and Reserves, Mr. Chinn said there is an increase of \$89,000 for Public Safety Equipment, but a net decrease of \$44,816 in Contractual Services and PPN debt service costs. Finally, in the Reserve there is \$250,000 set aside for the Health Plan to combine with the \$250,000 from the Water and Sewer Fund. Other Financing Uses includes Debt Service with almost a \$12 million Bond Sale in which the City will see an increase in Debt Service costs of \$296,651 to the General Fund.

Mr. Chinn summarized the budget by re-emphasizing that the property tax is projected to be \$1.5 million less with a slight increase of sales tax revenue of \$600,000 which will help offset the costs associated with the Police and Fire step increases, managing of the Golf Course, and health care costs, etc. Mr. Chinn stated that the good news is the sales tax is recovering; however, increases are marginal. Council members Pickett, Hutcheson, Forsythe, and Roberts did not have any questions. Councilmember Tarpley wanted to know the reason behind moving the Personal Property Notes (PPN) that were 5-year notes to Certificates of Obligations (COs) that are 20-year notes? Mr. Simons responded by explaining that the payment of the COs is structured so that the principal of the PPN items is repaid over 5 years. In addition, by the City only having to do one issue it gets a better interest rate and there is no additional issue cost for a separate PPN sale.

4. CAPITAL IMPROVEMENT PROGRAM

Deputy City Manager, Carol Zolnerowich, gave a presentation of the City's Capital Improvement Program (CIP) which includes new construction, reconstruction, major maintenance, and major capital outlay. Ms. Zolnerowich first gave a background of the City's existing infrastructure with the total number of miles in streets, alleys, sewer mains, drainage ways; the age of water lines, sewer lines, and streets; and the number of City facilities as well as the City's equipment inventory count. Ms. Zolnerowich said that that capital project needs are prioritized based on several planning documents, staff's recommendations, as well as the City Council's Project Renewal goals. CIP funding sources include operating funds, bond sale proceeds, sales tax from the 4B Quality of Life Corporation (4B), federal and state grants, and other agencies like Dallas County and Regional Transportation Council. Ms. Zolnerowich stated that the proposed 2010-11 CIP total is over \$19 million and then she gave brief descriptions of each of the proposed projects to be funded in 2010-11. Per Ms. Zolnerowich, due to the City of Mesquite's slow growth, the City is not participating in any new construction, but instead focusing its resources on rehab work. Below is a list of projects that will be funded by Certificates of Obligation (COs).

Certificates of Obligation:

<i>Alley Reconstruction</i>	<i>\$500,000</i>
<i>Street Rehabilitation</i>	<i>500,000</i>
<i>50/50 Sidewalk Program</i>	<i>100,000</i>
<i>Municipal Building Improvements</i>	<i>250,000</i>
<i>City Hall Facility</i>	<i>6,750,000</i>
<i>Vehicles and Computer Equipment</i>	<i>2,427,258</i>
<i>CAD Software Upgrade</i>	<i>1,100,000</i>
<i>Cost of Issue</i>	<i><u>360,280</u></i>

Total Bond Sale

\$11,987,538

Ms. Zolnerowich also addressed the projects to be funded out of the Water and Sewer Revenue Bonds; giving special emphasizes to the Sanitary Sewer Rehabilitation Program that was started eight years ago. Ms. Zolnerowich explained that each year there has been \$2 million allocated to I and I work; however, for the 2010-11 fiscal year this will not be the case. Instead, I and I work will be completed using existing funds. Mayor Monaco asked Ms. Zolnerowich to define what I and I stands for. Ms. Zolnerowich replied that it stood for inflow and infiltration which is where there is deteriorating sewer lines that during rain events water infiltrates into the sewer lines causing additional issues based on the excess water in the sewer lines. Mayor Monaco asked Tim Tumulty, Public Works Director, if the City has 300 plus miles of underground sewer and Mr. Tumulty responded that the City has about 400 miles of sewer. Below is a list of projects that Ms. Zolnerowich presented as CIP projects for the Water and Sewer Revenue Bonds.

Water and Sewer Revenue Bonds:

<i>Sanitary Sewer Rehabilitation Program</i>	<i>\$500,000</i>
<i>Barnes Bridge Pump Station</i>	<i>4,400,000</i>
<i>Water Line Reconstruction</i>	<i>600,000</i>
<i>Concrete Repairs for Water Line Replacement</i>	<i>600,000</i>
<i>Cost of Issue</i>	<i><u>400,000</u></i>
<i>Total Bond Sale</i>	<i>\$6,500,000</i>

Ms. Zolnerowich then gave an overview of the Drainage Utility District projects to be funded in the 2010-11 fiscal year. When Ms. Zolnerowich reviewed with Council the issue of City Lake Park Dam with pictures, Councilmember Pickett asked if the City's objective is to keep the water from flowing over the top of the dam. Mr. Tumulty explained that typically a segment is established for overflow once the water hits a certain elevation because once the water starts going over the top of the dam, eroding occurs and can ultimately cause a breach of the dam. Below is a list of projects that Ms. Zolnerowich presented to be funded by Draining Utility District Cash.

Drainage Utility District Cash Projects:

<i>Oates Drive Bridge Rip-rap Repair</i>	<i>\$200,000</i>
<i>Lawson Road Culvert Replacement</i>	<i>150,000</i>
<i>Storm Water Lift Station Improvements</i>	<i>100,000</i>
<i>City Lake Dam Plan Update</i>	<i><u>80,000</u></i>
<i>Total Expenditures</i>	<i>\$530,000</i>

As a final piece to the CIP presentation, Ms. Zolnerowich presented the projects below that are to be funded by Town Center TIF.

Town Centre TIF

<i>Gus Thomason pavement & medians</i>	<i>\$700,000</i>
<i>Gus Thomason ROWS street lightening</i>	<i>375,000</i>
<i>ROWS traffic signals</i>	<i><u>25,000*</u></i>

Total Expenditures \$1,100,000
**supplements 4B funding*

In addition to providing a summary of the CIP projects to be funded this year, Ms. Zolnerowich explained how a few weeks back the 4B Quality of Life Corporation Board presented their funding recommendations for the 2010-11 fiscal year; however, after Council's expressed interest in the Quiet zone implementation project staff revisited the 4B budget and Ms. Zolnerowich presented the alternative 4B budget for Council's review which obligates almost all of the anticipated 4B revenues. Below is the items that are included in the revised 4B Budget for FY2010-11.

4B Quality of Life Corporation

Transportation

<i>Airport property acquisition (ph. 2 of 3)</i>	<i>\$834,000</i>
<i>Forney Rd. reconstruction (ph. 3 of 3)</i>	<i>500,000</i>
<i>Traffic signal construction –Group “D”</i>	<i>300,000</i>
<i>Thomasson Square sustainability project</i>	<i>350,000</i>
<i>(grant matching funds – ph. 1 of 2)</i>	
<i>Quiet zone implementation (ph. 1 of 2)</i>	<i>150,000</i>
<i>Oates/Galloway/LBJ intersection</i>	<i>90,000</i>
<i>Rail Study (\$850,000) debt service (ph. 1 of 5)</i>	<i>6,000</i>
<i>Rapid transit service vehicles</i>	<u><i>300,000</i></u>
	<i>\$2,530,000</i>

Public Safety

<i>Thermal imaging cameras (4)</i>	<u><i>\$39,500</i></u>
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Parks and Recreation

<i>PARC system maintenance</i>	<i>615,000</i>
<i>Highway corridor maintenance</i>	<i>145,000</i>
<i>Median color program</i>	<i>40,000</i>
<i>Hike and bike trail construction</i>	<i>350,000</i>
<i>(grant matching funds – ph. 1 of 2)</i>	
<i>Palos Verdes Lake erosion control</i>	<i>80,000</i>
<i>Evans Pool demolition</i>	<i>40,000</i>
<i>Eastfield sports lighting expansion</i>	<i>100,000</i>
<i>Recreation center weight room equip. replacement</i>	<u><i>100,000</i></u>
	<i>\$1,470,000</i>

Ms. Zolnerowich concluded that the 4B budget includes \$3.8 million in capital projects to go along with the \$19 million CIP projects. Council members Pickett, Hutcheson, Forsythe, and Roberts did not have any questions. Councilmember Tarpley asked why the City was already having problems with the Fire Station 1 roof. Ms. Zolnerowich said that it a continuous problem that was never resolved since the building was completed. Fire Chief Mark Kerby supplemented that during construction the first roof was replaced because it was not installed correctly and even after the installation of the second roof they still have leakage problems during heavy rain

events. Councilmember Tarpley wanted to know if this was an architectural design problem or roofing material problem. Chief Kerby replied that Mr. Donnie Taylor, Manager of Building Services, seems to think it is an installation problem. Mayor Monaco asked if there was any recourse and Councilmember Tarpley said that was his next question too. Councilmember Tarpley asked if there was any warranty. Chief Kerby said that the City actually had to use the money left in retainage at the end of the project to fix problems associated with the construction because the company went bankrupt right after the station was opened. Councilmember Tarpley replied "so we are stuck with it" and Chief Kerby confirmed with a yes. Switching subjects, Councilmember Tarpley asked about the Public Safety CAD system that \$1 million to \$2 million is spent on every year. He wanted to know if this was an ongoing expense. Chief of Police, Derek Rohde, replied that this is a major software upgrade. Councilmember Tarpley said that it seems like the City is incurring this expense every year. Chief Rohde said that Councilmember Tarpley is probably thinking of the yearly maintenance agreement which is separate from this upgrade that they must have because the company will not continue to support the version that the City currently has. He also stated that this system is utilized by both Police and Fire. Ms. Zolnerowich interjected that with the original purchase of the CAD system, the City negotiated the inclusion of a 4-year maintenance agreement with the purchase price, but after that expired, the City had to begin incurring that expense and it is a sizable amount each year; however, it is the backbone to the Police and Fire operations. Councilmember Tarpley agreed, but just wondered if the cost was ever going to go down. Ms. Zolnerowich said probably not, but the City is beginning the RFP process regarding the CAD system upgrade. She said that there are several companies out there that the City will be taking a good look at including the current vendor Motorola. Councilmember Tarpley last comment was in relation to the rail study that he wanted to discuss at a later date. Councilmember Bill Porter did not have any questions. Councilmember Hutcheson had a question regarding the Animal Shelter. He wanted to know why improvements were needed on a three to four year old structure. Ms. Zolnerowich replied the cost was due to damages caused by power washing the kennels. Councilmember Hutcheson wanted to know if that was an expense the City will be incurring every three to four years. Ms. Zolnerowich explained how during construction the windows to the kennels were installed backwards so that when the kennels are power washed the water is running out into the public viewing area rather into the kennel for proper drainage. The reinstallation of the windows should fix the problem. This concluded the question and answer session for CIP and 4B projects presentation.

5. WATER AND SEWER FUND

Mr. Don Simons, Finance Director, gave an overview of the Water and Sewer Fund in regards to revenues and expenditures. The proposed revenues for the Water and Sewer Fund are \$44.6 million with \$25.3 million (56.6 percent) generated from water, \$17.3 million (38.6 percent) generated from wastewater, \$2 million (4.6 percent) generated from fees and other, and \$75 thousand (0.2 percent) from interest. The Water and Sewer Fund's proposed expenditures total \$43.32 million in which Mr. Simons illustrated in a pie chart of how it is proposed to be allocated. According to Mr. Simons, the major changes in revenues include a water rate increase as well as a sewer rate increase that combined should generate around \$5.796 million. This \$5.796 million in revenue will be offset by an increase in major expenses of \$5.796 million which includes a water cost increase and debt service cost increase, reduction in the debt service

transfer from Water and Sewer Reserve to the Water and Sewer Fund, working capital/debt service coverage requirements, and the medical plan transfer. Councilmember Porter asked why the wastewater treatment cost went down and Mr. Simons responded that it is a product of the North Texas DUD bundling their cost and distributing them amongst the member cities based on their portion of the share. Councilmember Tarpley commented that they will make up for it on the water side. Mr. Simons presented some charts showing how the 20-year water rate projections have increased from the projections given in 2006 as well as what type of increases in regards to water, wastewater, and debt service the City of Mesquite we will be looking at over the next 20 years. Councilmember Tarpley asked what the debt service Mr. Simons indicated in his graph was actually representing. Mr. Simons responded that it was the actual debt service cost with an \$8.5 million sale each year. Mr. Simons continued on with presenting a chart of the City of Mesquite's working capital since 1994. For the FY2011, the City of Mesquite is anticipating a \$1.8 million increase in working capital from the FY2010 Amended Budget. The next chart Mr. Simons presented showed the debt service coverage of the City of Mesquite compared to the required bond covenant of 1.5 times the current debt service costs. Mr. Simons noted that the projected coverage of the City is increasing for FY2011 which should give a cushion between it and the required covenant.

In the next section of Mr. Simons' presentation, he showed the current as well as proposed water and wastewater rates for residential and commercial customers and what the cost would equate to for a customer based on their consumption in gallons. The minimum cost for both water and wastewater which includes the first 1,000 gallons is not proposed to change for FY2011; however, the cost of 1,000 gallons above minimum for water is proposed to change from \$3.91 to \$4.40 and for wastewater \$3.39 to \$3.81. Councilmember Roberts asked if the rates were the same for commercial and residential customers. Mr. Simons replied that they are; however, most of the residential customers consume an average 8,000 gallons of water while commercial customers typically use 20,000 to 100,000 gallons of water on a monthly basis. Mr. Simons next slide showed the City's minimum combined water and wastewater cost in comparison to its seven benchmark cities. After noticing that Mesquite has the lowest minimum charge, Councilmember Pickett asked Mr. Simons why other cities have such a higher minimum charge. He was curious if they are trying to cover their cost at the front-end. Mr. Simons explained that larger base rates of the other cities have a smoothing effect on the ups and downs of the summer consumption to try to minimize the fluctuations. In the slides following, Mr. Simons showed the City of Mesquite's combined water and wastewater costs in comparison to its seven sister cities for 5,000; 8,000; 10,000; 20,000; and 100,000 gallons of consumption. Councilmember Tarpley asked how closely do commercial and/or industrial business owners look at water rates in deciding if they will move their business to Mesquite or not. Mr. Simons said that has never been brought up. Councilmember Tarpley said that is what he assumed...that they are more concerned with taxes. Mayor Monaco followed up that the business owners are also concerned about being able to get work. Mr. Barron said that he has never heard of the water and wastewater commercial rates being a factor for businesses looking to possibly relocate or locate in Mesquite area. Councilmember Porter asked if Mr. Simons would provide a new comparison once the other cities have adopted their new rates. Mr. Barron said that the City of Mesquite can probably do that around October or November. Councilmember Porter said that it will be helpful information when citizens have questions or responses about the water and wastewater rates. Mayor Monaco also said that when talking to citizens it will be important to

explain the incremental increases passed onto the City of Mesquite from the North Texas Municipal Water District. Councilmember Pickett asked if the water and wastewater rate for 8,000 gallons was the City of Mesquite's midpoint and Mr. Simons confirmed that it was, but it will run higher in the summer and lower in the winter months, but 8,000 is about the average number of gallons consumed per month.

The budget work session recessed at 10:08 a.m. for a break.

The budget work session resumed at 10:26 a.m.

6. FIRE DEPARTMENT

Fire Chief Mark Kerby began by recognizing the key personnel changes within the department which includes the promotion of Captain Jeffrey Miller and the hiring of a new nurse, Shelley Lovato. Mayor Monaco asked Chief Kerby to tell everyone what the nurse does for the Fire Department and Chief Kerby explained that all the paramedics have to have 144 hours of continuing education within four years and the nurse comes up with the curriculum and provides training to the department so that firefighters can keep up with their continuing education. The nurse also keeps staff apprised of any procedure or equipment changes. Mayor Monaco asked if a paramedic could perform these duties, and Chief Kerby responded that a paramedic can perform the functions of the job and some departments use paramedics as training instructors.

Chief Kerby briefly touched on the Fire Department's Five Year Strategic Plan and then covered calls for service, incidents by district, and response trends. Next, Chief Kerby presented statistical analysis on the history of structure fires and highlighted that majority of the fires and fire loss that occurred in 2009 were private dwellings with the least amount occurring in commercial property. Chief Kerby then covered fire inspections, fire prevention activities, and emergency medical services provided by the Mesquite Fire Department. Chief Kerby noted that ambulance runs for 2009 are down from 2008 which were also slightly down from 2007. He then presented more graphs in relation to emergency medical services including incidents per thousand population, transports by hospital, and then an overview of the 2009 ambulance billing performance. Per Chief Kerby, 5,961 bills were processed for transports with an average \$832.32 per transport and an average collection rate of 56 percent. Chief Kerby noted that the present contract for ambulance billing service will change as of October 1, 2010 for the next fiscal year. Next, Chief Kerby gave the average response time for Fire and EMS in 2009 that he noted were inline with the last three years. Councilmember Porter asked how Mesquite Fire Department response times compared with other cities and Chief Kerby said he did not do a comparison to other cities this year, but he had completed a comparison two years ago and the Mesquite Fire Department's response times were inline with the majority of the other cities. Chief Kerby then covered the highlights of last year's programs and projects. When Chief Kerby mentioned that the Mesquite Fire Department has received funding from Department of Homeland Security (DHS) grant funds to buy a bigger rehab vehicle, Mayor Monaco asked when the Fire Department expects to receive the new vehicle. Chief Kerby responded that it has not been ordered yet, but the Fire Department is not expecting to receive it until probably 8 to 9 months as they will still need to seek Council's approval first before determining specifications

and starting the bid process. After Chief Kerby briefed everyone on the projected projects and programs for 2010-11 and the Continuity of Operation Plan, he gave an overview of the Fire Departments proposed budget for FY2010-11. Chief Kerby concluded his presentation by highlighting the programs that the Mesquite firefighters and Mesquite Firefighter Association are participating in both locally and regionally which include the Muscular Dystrophy Association, Fired Up for Santa, Addressing Mesquite, and the Ronald McDonald House.

Chief Kerby opened the floor for any questions. Councilmember Tarpley asked if the City of Mesquite had any liability associated with old contractor's overbilling of ambulance services. Chief Kerby replied that the City is looking at overcharges that it will have to reimburse, but he said the City does not owe any other liability right now. Councilmember Tarpley also wanted to know if the reimbursed overcharges were budgeted. Chief Kerby said that they were encumbered which Mr. Chinn confirmed. Chief Kerby then followed up that the difference is around \$63,000. Councilmember Roberts wanted to know if the City is expecting collections to be more with the new ambulance billing agency. Chief Kerby said that the company is called Merchant Company and he has talked to the president of the company several times and he has assured Chief Kerby that they can do a better job at collections with the ambulance billing. Chief Kerby also said that it may take years to begin to realize the progress with the collection. Councilmember Forsythe did not have any questions. Councilmember Hutcheson asked what percentage of the personal services budget in the Fire Department is for overtime. Chief Kerby said that overtime for operations was around \$250,000 and for Prevention was a little over \$30,000; however, overall overtime cost is historically around 3 percent of the personal services costs.

7. PARKS AND RECREATION

Parks and Recreation Director, Cliff Keheley began his presentation by giving an overview of changes that have occurred in the Parks and Recreation Department over the past year including the retirement of John Frame and the taking over of the Golf Course. In addition, with the current economy and limited resources, the Parks and Recreation Department is taking on a new vision of focusing on providing quality programs and services that improve the quality of life for the citizens of Mesquite as well as seeing the department as part of the local economy by providing events and facilities that will bring people to Mesquite. Mr. Keheley then gave an overview of the department's \$8.4 million budget, noting that majority of it is for personal services and contractual services.

Next, Mr. Keheley went through the department's participation numbers for the various services, facilities, and events that they provide. Mr. Keheley gave some explanation of why the athletic participation numbers have been down for the most part over the past three years when Councilmember Bill Porter asked what Mr. Keheley's thoughts were on the projected increase of Youth Baseball participants. Mr. Keheley said that the participation numbers were up this spring and Fall Baseball is still very popular and is growing. Councilmember Porter wanted to know if there was a particular reason that Mr. Keheley could pinpoint for the increase and Mr. Keheley said that there are a lot of younger kids that are beginning to start playing and are signing up with Mesquite Baseball because they have a good operation and are a quality organization. Councilmember Brian Hutcheson asked Mr. Keheley about field availability for Girls' Youth

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Softball and if Mr. Keheley had spoken to the association in regards to field availability. Mr. Keheley said the facility is shared with Mesquite Independent School District (MISD) and the only conflicts that he has heard of are related to the rescheduling of games that were rained out for Girls' Youth Softball and/or MISD. He said as far as field availability, some boy's t-ball games have been scheduled out there because the fields were available. Mr. Keheley said that the department is looking to add a few more associations to expand utilization of all the fields available including Little Miss Kickball and Flag Football. When Mr. Keheley discussed the Summer Camps including Camp Rorie Galloway, Councilmember Hutcheson asked if the improvements needed for the challenge course at Camp Rorie Galloway were budgeted. Mr. Keheley said that the improvements were paid out of the 4B Recreation Facility funds and continued on to explain that an inspection was conducted and some of the structure and elements of the challenge course had to be changed for safety reasons including the Pamper Pole; however, a lot of the changes were able to be completed in-house. Mr. Keheley assured Councilmember Hutcheson that the course is now able to accommodate both children and adults safely. Next, Mr. Keheley's highlighted the participation numbers of swim lessons, pool attendance, facility reservations, Christmas in the Park, and Real.Texas.Festival. Councilmember Tarpley asked if the revenues of the Real.Texas.Festival. were in addition to sponsorships and Mr. Keheley replied that the revenues shown in his presentation included sponsorships. When Mr. Keheley showed a picture of the crowd at the main stage for the headliner on Saturday night, Councilmember Tarpley asked how many the field in front of the stage could handle which Mr. Keheley said 15,000 people with video monitors.

After briefly covering the other special events that the department provides, Mr. Keheley went over the accomplishments of the department for the 2009-10 year. When Mr. Keheley started going over the golf course improvements and accomplishments, Councilmember Bill Porter said that when talking to Mr. Dennis Ewing, a retired pro with the Dallas Athletic Club (DAC), Mr. Ewing mentioned that the City made a wise move with the selection of their consultants, Mr. Dennis and Mr. Guldahl at the golf course. Mr. Keheley agreed and followed up that between Mr. Dennis and Mr. Guldahl, they have about 80 years of golf course management and superintendent experience which has been a major help in the improvements of the golf course turf and maintenance program. In addition, Mr. Keheley said that the hiring of Mr. Ronnie Travis as the Golf Course Manager has also been very beneficial as he understands the golf game and is getting feedback from the golfers to help build the program. When Mr. Keheley showed the picture of the new repaired fountain at the golf course, Councilmember Tarpley asked what hole this fountain was located. Mr. Keheley replied that it was between seven and eight. Mr. Keheley then went over the Golf Course Budget and Councilmember Tarpley asked if the \$161,000 expenses over the past couple of months included the capital equipment purchases. Mr. Keheley said they did not, that the capital equipment purchases came out of a separate fund. Next, Mr. Keheley talked about the Volunteer Project Day at Camp Rorie Galloway, the ongoing problem of graffiti, theft, and vandalism as well as projects that were completed in 2009-10. Mr. Keheley then went over the upcoming projects which include a facility evaluation. Councilmember Stan Pickett asked if the facility evaluation and replacement plan would include recreation centers and everything. Mr. Keheley said it would include recreation centers, pavilions, shelters, etc.

Mr. Keheley briefly went over the reorganization ideas for the department before concluding his presentation with the department's image project that allows them to brand the

Parks and Recreation Department under the City's brand and promote fun throughout the system. Mayor Monaco then opened the floor for questions. Councilmember Tarpley had a question for Police Chief Derek Rohde. Councilmember Tarpley asked Chief Rohde if there was a way to use the Alumni Association for surveillance or to patrol parks to curb vandalism and graffiti. Chief Rohde said he was not sure if he wants civilians in a police type role, although driving through the area would not be a huge issue. Chief Rohde did mention that the Police department did put surveillance cameras in certain parks like DeBusk, Brandy Station, and Town East Park to watch with, but finding volunteers to cover can be difficult to do. Mayor Monaco said he was in favor of something to reduce the graffiti and vandalism at the parks. Councilmember Tarpley said while he thinks surveillance cameras are good, he is afraid identifying someone through a surveillance camera might be hard. Police Officer, Don Williams interjected that about two weeks ago, they made a deal with Lowe's and Home Depot to photograph and keep records of anyone that is buying spray paint. Councilmember Tarpley said that will help, but they will probably go to another city's Lowe's or Home Depot that is not monitoring as closely. Mr. Keheley added that whenever vandalism or graffiti is seen by his department staff they call the Police Department and in most cases they are starting to catch them and charge the cost of the vandalism or cleanup to the parents. Mr. Keheley also added that it is not just one area, but occurring at all the parks all around town. Councilmember Porter noted something interesting that he had learned from an MISD employee who cleaned graffiti each morning. He said that this employee noticed a continuous graffiti problem on one of the old buildings in a park across the street from one of the schools, but once it was replaced with a new building the graffiti stopped. Councilmember Tarpley recalled a wall on Forest Lane up in Dallas that always had graffiti on it until a mural was painted there and the graffiti stopped. Councilmember Roberts said she agreed with Councilmember Tarpley that maybe just the periodic presence of a police car patrolling around the parks might help alleviate the crime. Councilmember Forsythe did not have any questions. Councilmember Hutcheson asked how many rounds of golf were played at the golf course last year. Mr. Keheley responded that 36,000 rounds were played which the City is now using as their baseline; however, the golf course was averaging about 40,000 to 45,000 rounds three years ago. Mr. Keheley said that the projected revenue and expenditures of \$750,000 is based on 36,000 rounds. Mr. Keheley agreed with Councilmember Hutcheson that is was a conservative number, but with good weather and some additional marketing he is confident that they will be able to at least get to 40,000 rounds. Councilmember Pickett did not have any questions. Councilmember Tarpley had one question to follow Councilmember Hutcheson's questions. Councilmember Tarpley asked if once the City's golf course re-establishes its reputation, if they could raise rates to reduce the number of rounds, but generate the same amount of revenue and in addition the reduce maintenance costs because of less stress on the course. Mr. Keheley said that right now the golf course fees are among the lowest in comparison to those being charged at other golf courses in the Dallas area, but as the quality of the course improves Mr. Keheley believes the rates can be increased in the future. Councilmember Tarpley reiterated that cheap rates with more rounds is not always good for a golf course, but maybe a rate increase could be imposed in the future once the reputation of the course is re-established. Councilmember Hutcheson asked how the Mesquite Golf Course compares to Buffalo Creek and Water View. Mr. Keheley said that they are the Mesquite Golf Course's competitors for the eastside of Dallas, but they have different greens and facilities. Mayor Monaco followed saying that it would be hard to compare them because they are different

types of courses. Councilmember Tarpley explained that the Mesquite Golf Course is more of a recreational type course or good practice course.

8. HUMAN RESOURCES

George Mones, Director of Human Resources, began his presentation by giving a general overview of the department's operating budget in comparison to years past starting with FY2005-06. For Employment, Mr. Mones went over the number of applicants, number hires, current vacancies, and budgeted position for Police, Fire, and General Government in the past year. Mr. Mones noted that the results of the hiring supervisor survey show that the quality of hires has been excellent to superior and turnover rates have dropped significantly over the past few years. Councilmember Tarpley asked if the turnover rate included retirements and Mr. Mones said it did.

For Compensation, Mr. Mones said there is not a lot of activity in this area; however, this is inline with other cities as the payment plans have not been changing. When Mr. Mones showed the current pay scale for Police Officers in comparison to the market average, Councilmember Pickett asked if this information included the 3 percent increase to the minimum salary range from last year. Mr. Mones said that it did. Mr. Mones also explained that although the City of Mesquite's maximum salary for Police Officers is 2.27 percent below that of the market average, almost 70 percent of the City of Mesquite's Police Officers are at the maximum pay which only takes five years to reach where other cities it may take twenty years for a Police Officer to reach the maximum pay. Next, Mr. Mones presented the Firefighter pay plan. He explained how other cities will pay a recruit a much lower salary at the start of their career with some increases during the first year where the City of Mesquite gives a higher pay upfront, but the Police Officer or Firefighter has to wait a year before receiving a step increase. Mr. Mones said the bottom line is that the City of Mesquite is very competitive when it comes to Police and Fire pay in comparison to other cities. Mr. Mones then compared the starting salary of each of the ranks of Police and Fire with its sister cities. Mr. Mones then presented a history of the Police and Fire Pay Plan Adjustments over the last six fiscal years that has helped put the City of Mesquite's Police and Fire positions in a competitive position. Next, Mr. Mones moved onto the General Government with first showing a chart of the adjustments given by metroplex cities with a majority of them not giving a raise in the FY2009-10; however, he said that the year before many of the cities did give merit increase while the City of Mesquite did not. Mr. Mones explained that about 7 percent of the General Government population is at the maximum of their pay range; however, instead of getting a merit increase they get a lump sum payment of 3% of their salary which Mr. Mones said they are very thankful for. In summary of the General Government Pay Plan, Mr. Mones said that the City of Mesquite is about seven to eight percent behind market average for salaried and hourly employees excluding directors and managers. Presented in a different way, Mr. Mones showed a pie chart showing that 45 percent of the General Government employees excluding directors and manages are more than five percent out of line with the market while 55 percent are less than five percent out of line with the market. To conclude the Compensation part of his presentation, Mr. Mones showed a history of pay plan adjustments for General Government employees since FY2004-05 and reiterated that this did not include pay plan adjustments.

The next section that Mr. Mones presented was Benefits, but as mention by Mr. Barron the discussion on the medical plan will be deferred until the next council meeting; however, Mr. Mones did want to highlight the accomplishments of the 457 Deferred Compensation Plan that includes establishing an oversight committee to review the plan, converting from three vendors to one single provider—Lincoln Financial, eliminating administrative fees, among other cost savings and customer services advantages for participating employees.

The final section Mr. Mones presented was Risk Management. Mr. Mones said that the City is spending 45 percent less for insurance, claims, and expenses than in 1998; however, the insured property values have increased 71 percent since 2001. As a result, underwriters consider the City of Mesquite a “good risk” in regards to liability insurance and worker’s compensation. Mr. Mones presented a few graphs illustrating the cost of worker’s compensation claims and the number of claims for Fire, Police, and General Government. Then Mr. Mones followed up with a history of fluctuating Worker’s Compensation claims in which he notes that the “good news” is the claims are much lower now than they were in past. Mr. Mones concluded his presentation by highlighting the loss prevention activities used by Risk Management. There were no questions from the Mayor or Council members.

The budget work session recessed at 12:00 p.m. for a lunch break.

The budget work session resumed at 1:30 p.m.

9. PUBLIC WORKS

Director of Public Works, Tim Tumulty began his presentation by giving an overview of the department’s organizational makeup of 251 employees and total budget of \$40,263,660. For the Traffic Engineering Division, Mr. Tumulty talked about the accomplishments of the division, the need for Trail Blazing signs, and other typical sign replacements with the new proposed signs. Councilmember Pickett asked if the Trail Blazing signs and signage replacement was unfunded. Mr. Tumulty said yes that they were part of an expanded program that was not funded at the time and then he gave a total cost of \$44,910 for 852 signs. Councilmember Pickett asked if this could be funded by 4B in which Mr. Tumulty said it could as it is traffic related.

Next, Mr. Tumulty presented the accomplishments of the Engineering Division. After Mr. Tumulty expressed how valuable the Hailey Pump Station emergency generator was in providing water when the electricity is knocked out especially during the spring storms, Councilmember Tarpley asked how long it would take to drain down the water towers. Mr. Tumulty said it all depends on the time of day and time of year; such as in the morning or afternoon it would take a couple hours, but in a wet summer it might take longer and went on to explain how the citizens consume substantially more water in the summer months than in the winter months. Mr. Tumulty then reminded Council about the major capital improvement program between the City and Dallas County and brought attention to the Northwest Drive, Interstate Highway 30 to Oates which the County is only planning to contribute 25 percent to the cost. Mr. Tumulty said this might be a project that the City may want to delay or not do it at all because of the additional expense. Councilmember Tarpley asked if there has been a traffic

council since the Driftwood Drive extension was open. Mr. Tumulty said he would have to check, but there is a way that they can track the usage and get back to him on that.

Mr. Tumulty then moved on to discuss the Drainage Utility District (DUD). When Mr. Tumulty showed a drainage problem photo of a man whose car stalled, Councilmember Roberts asked where it was at. Mr. Tumulty said it was the Southeast part of Mesquite around Coolwood. When Mr. Tumulty presented the list of DUD projects that need funding now, Councilmember Pickett asked if the City Lake Park Dam project on Mr. Tumulty's list was the same required project that is being mandated by the Texas Commission on Environmental Quality (TCEQ) that Ms. Zolnerowich described earlier in her presentation. Mr. Tumulty said it was and this particular project would be funded through DUD funds. Because of all the drainage (estimated at \$26 million) and erosion (estimated at \$65 million) projects that are lacking funding, Mr. Tumulty and his staff proposed raising the residential and commercial DUD fees using a two step process with the first year raising the residential fee \$1.00 and the commercial fee \$.02 and then raising it the same two years later to equal \$5.00 residential DUD fee per month and \$.09 per month per 100 square foot of impervious area for commercial by fiscal year 2012-13. According to Mr. Tumulty, this would generate approximately \$19.35 million for project funding in the next ten years with no additional bonds sold. Mr. Tumulty compared the current rates, proposed step one rates, and proposed step two rates with the current rates of other cities and then finished up his discussion with advantages the additional funding would bring for improvements in drainage and erosion within the City.

Mr. Tumulty presented the accomplishments of the Solid Waste Division and Councilmember Pickett asked if additional recycling by citizens has resulted in savings because less waste is being taken to the landfill. Mr. Tumulty said there was savings as they are definitely taking less to the landfill after the distribution of recycling bins to citizens and it is their goal to be able to distribute more recycling bins in the future. After Mr. Tumulty talked about how the Solid Waste Division has now privatized their brush grinding contract, Councilmember Pickett asked if the City is still processing compost for other cities. Mr. Tumulty said that they are, such as University Park runs all their compost materials through the City of Mesquite's compost site for \$2.25 per yard.

Mr. Tumulty presented the Equipment Services, Utilities, and Streets accomplishments. In addition, Mr. Tumulty presented the Streets Divisions proposed organizational chart that reduces their number of positions from fifty to forty-four, however they are requesting additional funding for the 50/50 Sidewalk Program, additional materials for the Street and Major Thoroughfare Maintenance Program, and the use of contractors for slab raising. Mr. Tumulty then opened the floor for any questions. Councilmember Pickett first asked about the reason for the work on Beltline in which the pavement was coming out in square chunks. Mr. Tumulty said because of the heat wave in June, there was some concrete expansion that started pushing up at the joints. As a result, they had to repair the joints; otherwise, the problem would continually get worse. Councilmember Pickett said they did a good job as he drives that way multiple times a day and has not noticed anymore issues. Secondly, Councilmember Pickett asked if Mr. Tumulty was only planning on reorganizing the Streets division if funding was available for the expansion programs or is he planning on moving this direction over the next several years. Mr. Tumulty said even without the funding they would begin making some minor adjustments to the

division in order to take care of what they have. Council members Hutcheson, Forsythe, Tarpley, and Porter did not have any questions. Councilmember Roberts and Mayor Monaco discussed how this could be funded. Councilmember Pickett had one final question in regards to if the DUD fee increase Mr. Tumulty mentioned needed to be decided that afternoon. Mr. Tumulty said that it was just something for the Council to mull over for future discussion. Mayor Monaco then shared with everyone that in his meeting the day before with the Texas Commission on Environmental Quality, several attendees, staff, and board members, complimented Mr. Tumulty and his crew on their work ethic and professionalism. Mayor Monaco asked Mr. Tumulty to share that with his staff in which Mr. Tumulty obliged.

The budget work session recessed at 2:16 p.m. for a break.

The budget work session resumed at 2:55 p.m.

10. POLICE DEPARTMENT

Police Chief Derek Rohde presented an overview of the proposed Police budget of \$29,612,072 for FY2010-11. Chief Rohde did a breakdown of the proposed expenditures by categories and then by bureau. He then went through the staff changes and authorized strength to actual strength for Police Officers, Detention Officers, and Public Safety Dispatchers in comparison to survey cities. Next, Chief Rohde reviewed calls for service and crime statistics. Mayor Monaco asked if there was any particular place in Mesquite that is more prone to vehicle thefts in which Chief Rohde responded parking lots of retail areas. Chief Rohde continued with a presentation of various workload indicators. When Chief Rohde presented the Traffic Citations slide he made note that the decrease in traffic citations is not a result of officer productivity, but instead it is due to taking officers off of the streets to fill in at Dispatch or the Jail in order to save on overtime. In regards to adult arrests, Chief Rohde using a pie chart emphasized that 57 percent of the arrests are Non-Mesquite residents. Chief Rohde used a bar chart to show his concern with the drastic increases in open records requests over the past fifteen years that request everything from emails to videos which takes a tremendous amount of time for the Records' personnel to gather and send to Legal for review before releasing.

Next, Chief Rohde briefed everyone on the department's new policing program that includes an intense presence of mobile patrol in notable high-crime areas of the City in an effort to reduce crime. From the department's observation, this new program has been highly effective. Chief Rohde, then played a video expressing how the electronic data collected through technology has allowed the command staff as well as police officers on the streets have access to real-time intelligence in order to take a proactive stance against crime. The video summed up how information is an "essential" element in becoming a proactive police force. Mayor Monaco opened the floor for questions starting with Councilmember Pickett. Councilmember Pickett first asked Chief Rohde if the Citizens Patrol could be used in high crime areas to control crime just with its presence as he has experienced no matter what time of day or where he is in the City there is always some suspicious looking person walking through the parking lots. In addition, Councilmember Pickett wanted to know if Chief Rohde anticipated the need for more people in the future. Chief Rohde said that they can always use more people, but he understands there are limitations with the current budget situation. Next, Councilmember Pickett asked Mr. Barron if

there would be any additional people needed once the second phase of the new building is complete. Mr. Barron said not particularly. Lastly, Councilmember Pickett asked if there would be permanent fencing put up once the new phase of the building is complete. Ms. Zolnerowich said that there will be a secured parameter all around the parking lot. Councilmember Hutcheson did not have any questions. Councilmember Forsythe asked if the Police Department is using information software companies to help collect the data that Chief Rohde talked about in his presentation and if the software was custom-made for the Mesquite. Chief Rohde said that they use software companies along with, Zak LaJoie, the Director of Information Technology, to have a custom-made system designed for the specific use of Mesquite's Public Safety. Councilmember Forsythe commented that the purchase and use of custom-made software is probably the reason for the expense Councilmember Tarpley was talking about earlier in Ms. Zolnerowich's presentation. Councilmember Roberts' only concern was pulling officers off of the streets to fill other positions in order to save on overtime. Chief Rohde assured her that the Police Department has set minimums standard and will not take an officer off the street if it is going to cause them to go below their minimum number of officers on the street at any particular time or day. In a case like this, they would use overtime to fill the needed position. Councilmember Tarpley commended the Police Department on their service to the city and does not want to eliminate overtime for budget purposes. He wants the Police Department to do whatever is needed to keep the streets of Mesquite safe even if that includes overtime. Councilmember Tarpley thanked the Police force for their service and sacrifice and believes that everyone's "number one goal is to make Mesquite as safe as possible". Chief Rohde said that they will use overtime when needed and only pull an officer off of the street if they are over their minimums at that time. Lastly, Councilmember Tarpley said that he has not noticed as many major accidents on highways as before, but wanted to know if the Police force is able to keep up with the traffic needs with the absence of the constable officers. Chief Rohde said as far as major accidents, constables never worked those. Councilmember Tarpley said he understood, but just figured their presence controlled traffic and speeding which is a primary cause of major accidents. Councilmember Tarpley's concern was if the Mesquite Police force is able to control traffic. Chief Rohde said that they are and they also have a grant from TxDOT to help with enforcing speed limits on the highways. Councilmember Porter shared a story of a Fort Worth Police Officer's daughter that the Mesquite School District recruited and hired. When Councilmember Porter asked her why her dad wanted her to work in Mesquite, she said because he says that "Mesquite is one of the safest cities around". Councilmember Porter told Chief Rohde that he and his guys do a good job.

11. CITY COUNCIL DISCUSSION

Mayor Monaco first asked Council if they had any questions for any of the presenters or Mr. Barron. They did not, so then he asked if any of the attendees in the audience had any questions about the topics that were covered. Firefighter Jeff Dillon representing the Mesquite Fire Association had a question for Mr. Chinn in relation to a few of his slides in his presentation. First, Mr. Dillon asked about an item on one of Mr. Chinn's slides that showed Police and Fire salary step adjustments of \$155,090. He wanted to know what portion of that was for Fire. Mr. Chinn responded that the step increases for Firefighters with benefits is \$64,193 and for Police Officer it is \$90,897. Second, Mr. Dillon asked if the \$155,000 increase on the slide for Fire included the steps plus overtime. Mr. Chinn said that it was a combination

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of salaries and overtime over the FY2009-10 Amended Budget. Mr. Dillon asked if it was a savings and Mayor Monaco as well as Councilmember Tarpley said it was a cost item. Mayor Monaco asked if anyone else had any questions. There were no additional questions, so Mayor Monaco thanked everyone for coming and commended staff on their presentations. Mayor Monaco then opened the floor for Council Discussion.

Councilmember Pickett commended staff on keeping the City balanced, keeping service high, and keeping citizens safe. He expressed his appreciation to staff for their cooperation during these tough economic times. Councilmember Pickett then announced some personal “good news” and then said he would like to discuss some items on the 4B budget later on, but he did not have any further comments at that time.

Councilmember Hutcheson did not have any questions or comments; however, Mayor Monaco asked about his thoughts after going through his first Budget Workshop. Councilmember Hutcheson said that he received a lot of information and a lot of good insight and he enjoyed it. Mayor Monaco followed up saying that he wished more people had the opportunity to see the transparency in the City of Mesquite’s budget process.

Councilmember Forsythe also commended staff on their preparation of the budget and said that citizens should be satisfied with the results. He closed by thanking staff.

Councilmember Roberts said that after all the “gloom and doom” she has heard over the last six months, she is proud of the staff and all the directors for coming together to make the necessary cuts to avoid layoffs. Councilmember Roberts said when things get better one of her goals is to be able to give back with raises again. She finished up by thanking everyone.

Councilmember Tarpley said that Mesquite has a lot to be thankful for as the City has been able to relatively maintain the same level of service to the citizens with budget cuts. He mentioned that although he is aware of all the things that the City would like to do with additional funding, he is appreciative to staff for contributing and sacrificing to help each other out, the citizens, Council, and managers during this time. Councilmember Tarpley said that it is a great statement that the City has been able to go four years without a property tax increase even with dropping property values and decreasing revenues. Councilmember Tarpley believes someday, someone will write a book about the City of Mesquite and what a good job they did while going through this Great Recession. Councilmember Tarpley said there is more that they as a Council will have to discuss as he would like to see some of the addback programs be included in the budget if at all possible, but overall he is very appreciative of staff’s efforts. Councilmember Tarpley also thanked staff for their efforts in getting all the information together for the Budget Workshop.

Councilmember Porter said that he agreed with all the statements above. He said that the City of Mesquite is “a good place to be and a good place to work”. Councilmember Porter said he is very impressed how customer-oriented the City staff is as well as their accessibility in addressing citizen issues. He shared a personal experience with dealing with another City and said that he is very happy with the attitude of the City of Mesquite staff.

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Mayor Monaco said that he agrees with all of Council's statements. He added that his discussion with other City Mayors has been of service elimination because of budget constraints and he is proud of the City of Mesquite staff for continuing to progress and make improvements even with budget cuts. Mayor Monaco then gave examples of the progression such as the Police Department's statewide reputation, Fire Department's high ISO rating, Parks and Recreation Department's changes, comments from other organizations about City staff like with Mr. Tumulty and his staff that Mayor Monaco mentioned earlier, as well as all of the new facilities that have been or are being built like the Police Building, City Hall, and Animal Shelter. In addition, Mayor Monaco acknowledged the growth of the economic base in Mesquite as well as the annexation that have all occurred during the greatest recession since the Great Depression. Mayor Monaco thanked staff, Council, and all the attendees of the Budget Workshop. In conclusion, Mayor Monaco pronounced that he considers himself fortunate to be able to serve in the City of Mesquite and if there were no further questions, the meeting was adjourned.

ADJOURNMENT – 3:45 P.M.

The meeting adjourned at 3:45 p.m.