

CITY OF HORSESHOE BAY

CITY COUNCIL PUBLIC MEETING TO CONDUCT BUDGET WORKSHOP

July 9, 2007

The Council of the City of Horseshoe Bay held a Public Meeting to conduct a Budget Workshop at City Hall, located at #1 Community Drive, Horseshoe Bay, Llano County, Texas, July 9, 2007, in accordance with duly posted notice of said meeting. Mayor Lambert called the meeting to order at 9:00 a.m. with a quorum of Council Members present as follows:

Robert W. Lambert, Mayor
James E. Babcock, Mayor Pro Tem
John Bird, Alderman
Karen Wines, Alderwoman
Richard Rantzow, Alderman

The posted agenda for this meeting is made a part of these minutes by attachment and the minutes are herewith recorded in the order the agenda items were considered with the agenda subject and item number shown preceding the applicable paragraph.

1. Call to Order and Establish a Quorum: Mayor Lambert called the Public Meeting to order at 9:00 a.m. with a quorum present.
2. Convene Budget Workshop: Mayor Lambert convened the Budget Workshop and welcomed all who were in attendance. He stated that the workshop is the start of a process that will be completed in September when the final budget will be adopted. He then reviewed the agenda for the meeting. At this time, Police Chief Bill Lane and Fire Chief Jim Fiero presented their departmental business plans, including their goals and objectives and initiatives for their proposed budgets. Chief Lane noted that the department is being impacted by growth and requested one additional personnel. After some discussion, the Council agreed that the Police Department budget should include two additional personnel, the necessary associated expenses, and one additional vehicle. Chief Fiero discussed the volunteer program, the purchase of a fire truck, grants for additional personnel and a pumper truck, and requested one additional personnel. After some discussion, the Council agreed that the Fire Department budget should include the one personnel requested, as well as include two additional personnel for six months in the event that the grant for these personnel was not awarded. It was also agreed that the budget should include the capital outlay for the purchase of the fire truck and the grant funds for the purchase of the pumper truck, as well as the additional funding for volunteer training and equipment. However, the Council was to be consulted before commitments were made for the additional funds, except for those related to volunteers.

The meeting was adjourned for a recess at 10:50 a.m. and was reconvened at 11:00 a.m. At this time Development Services Manager Eric Winter and Administration Manager Toni

Vanderburg presented their departmental business plans, including their goals and objectives and initiatives for their proposed budgets. Mr. Winter noted that the proposed budget includes a significant amount of reallocations of expenses from the Utility Fund to the General Fund as most of the departmental tasks are General Fund functions. Ms. Vanderburg and General Manager Mike Thuss discussed the request to consider changing the retirement plan policy to begin contributions upon date of hire instead of after one year of employment and that the funds are included in the budget. Mr. Thuss reported that the Compensation Policy requires a salary survey in 2008 and that funds are included in the proposed budget to hire a professional consultant to conduct the survey. He noted that Alderman Bird has been very active in assisting the staff with salary data this year and would greatly appreciate his assistance and expertise in assisting the staff with the 2008 survey should the Council approve hiring a consultant. The Council was in agreement with the Administration proposed budget and initiatives as requested.

The meeting was adjourned for a recess at 12:00 p.m. and was reconvened at 12:30 p.m. At this time, Public Works Director Jerry Lovelady presented the departmental business plan, goals and objectives, and initiatives for the proposed budget. After some discussion the Council was in agreement with the proposed budget. Mr. Thuss discussed the CIP plan from 2007 to 2017 for projects in excess of \$500,000. At this time, Dan Wegmiller and Jennifer Douglas from First Southwest Company discussed the services that they will provide as Financial Advisor for the City. Discussion followed regarding whether the City should issue debt for major capital projects versus paying cash and the procedures for issuing bonds. The option of refinancing the current revenue note debt was also discussed.

The meeting was adjourned for a recess at 2:15 p.m. and was reconvened at 2:25 p.m. The Council discussed utility rates and the funding from the General Fund to subsidize the Utility Fund. The consensus was that the Utility Fund should become self supporting over a period of approximately four years. The Mayor recommended that the General Fund subsidy in 2008 be reduced to \$1.5M and that revenue from utility rates be increased by \$500,000. The Council then discussed the ad valorem tax rate. The Mayor noted that in 2006 the taxable value was \$964M and the preliminary 2007 estimate of taxable value is \$1.246B which will generate approximately \$6.230M in revenue at the current tax rate of \$.50/\$100. He also reported that the City will receive approximately \$400,000 in sales tax revenue in 2008. After some discussion, the consensus of the Council was to propose a 2007 tax rate of \$.425/\$100.

At this time, Ms. Vanderburg discussed the medical insurance program and the projected premium increases noting that the proposed budget includes \$120,000 to cover these increases. Mr. Thuss reviewed the salary data collected by Alderman Bird and Ms. Vanderburg's department personnel which reflects that 19 positions are currently below the midpoint and that a 6% merit increase would bring most of these positions to midpoint. The Mayor recommended adding \$150,000 annually to the budget for the merit program. This would result in a budget impact of approximately \$113,000, or 75% of that total being awarded beginning in January of FY2008 when merit increases go into effect. The Mayor then discussed the balance sheets as of May 31, 2007 and the current reserve requirements. He recommended placing an item on the September 18th agenda for determining the reserve requirements for 2008 based on the final approved budget.

The meeting was adjourned for a recess at 4:15 p.m. and was reconvened at 4:20 p.m. Mayor Lambert reviewed the Budget Summary and all changes and additions discussed and agreed upon.

3. Adjournment: There being no further discussion, Alderman Bird made a motion to adjourn the meeting. Alderwoman Wines seconded the motion and the meeting was adjourned at 5:15 p.m.

APPROVED this 28th day of August, 2007.

/S/
Robert W. Lambert, Mayor

ATTEST:

/S/
Toni Vanderburg, City Secretary