MINUTES
CITY COUNCIL
BUDGET WORK SESSION
MARCH 15, 2010
6:30P.M.

ATTENDEES: Mayor Bryan Hough, Mayor Pro-Tem Carolyn Breyare, Council Members Perry Toomey, Jerry Bishop, Bennie Brookshire, David Moore and Jim Hope. Also present were Kemp Michael, City Attorney, Jamie Guffey, Danny Jackson, (Co-Interim City Managers) and Africa Otis, Finance Officer.

After the call to order by the Mayor the Invocation was given by Councilman Perry Toomey. The agenda was set based upon a motion and second by Council Members Moore and Breyare, respectively.

The first item for discussion was the current year (2009-2010) budget status. Ms. Otis submitted a written report of the city's current financial status. She discussed the Capital items in the Fire Department; possible spending cut offs for the city departments and other items in the report.

Councilman Hope wanted to know if certain line item funding within a departmental budget had been moved from one city department to another. Mr. Guffey stated that the answer was no and that the only person with the authority to do so was the City Manager. He said that if that happens the City Manager has to report the action to the City Council at their next meeting.

Councilman Hope stated that he would like to see the Department Heads present at the budget meetings to speak to the issues if needed. Mr. Guffey stated that the preliminary submittals by the departments were sent to the City Council, in order that the Council can see what was done before budget cuts take place by staff.

The next item for discussion was the Fiscal Year 2010-2011 Debt Schedule. Mr. Guffey submitted a written document to the City Council for their review. He said that very little could be done about the city's debt structure for next year. He said that debt would be increased to some degree next year, due to the Citizens Center and Park Bonds, as an example.

Mr. Guffey reviewed the 2020 General Fund Debt and the 2020 Water/Sewer Debt sheets. He said that based upon assessed value as it relates to debt margin the city has the ability to borrow sixty (60) million dollars. Mr. Guffey stated that in the future the city's largest expenditure could very well involve a Waste Treatment Plant.

The next item for discussion was a discussion of Fiscal Year 2010-2011 Personnel Costs. Mr. Guffey stated that although a list of personnel requests made by departments were submitted to the Council, staff is not looking for a commitment right now. He indicated that he, Ms. Otis and Mr. Jackson met to discuss the matter and would be looking to make decisions regarding personnel during the month of April.

Mr. Guffey indicated that in a service oriented industry personnel costs are the largest expenditure. He indicated that staff is seeking some feedback on the matter from the City Council. Councilman Hope wanted to know what percentage of the budget was occupied by personnel cost. The answer given by Mr. Guffey was 64%.

Mr. Guffey stated that in regard to proposed salary increases, staff is reviewing options such as no increase, 2.5% or 5% increases. Mayor Pro-Tem Breyare wanted to know if all departmenst were at full capacity with personnel. Mr. Guffey indicated that the Utility and Parks & Recreation Departments were not at full staff.

Mayor Hough wanted to know if the city would be falling behind in minimum salaries if increases were not approved. Mr. Guffey indicated that the answer is yes. Mr. Guffey said that COLA increases will move the salary scale. The council discussed merit pay and the job performance evaluation process.

Mr. Guffey stated that he hopes the revenues received from the State will arrive pretty soon, to help determine the true budget outlook. The council discussed other budget cuts, sales and use taxes being withheld by the State and the legalities of the State withholding city funds. Mr. Guffey stated that the city employees have performed well this year despite not receiving salary increases. He said that staff would like to give an increase to the employees if possible.

Mr. Guffey discussed the next phase of the Pay & Benefit Study implemented this past fiscal year. He reminded the Council that the plan was set for three (3) phases. Mr. Guffey said that the increases of the plan involve forty (40) employees.

Mr. Guffey discussed the proposed benefits plan in the upcoming budget. He said that the estimated cost to the city would be $72,230. The Council discussed insurance for council members, lowering dependent coverage, COBRA and the need to balance salary increases versus benefit coverage.

Mr. Guffey submitted a copy of the Department Head's staffing requests for the next fiscal year. He said that it was for information only.

The next item for discussion was the Approved Budget Calendar for this year's budget process. Mr. Guffey stated that it is staff's intent to present a balanced budget by May 10, 2010. The Mayor stated that staff should remove the May Public Hearing from the calendar.

Upon a motion and second by Councilmen Moore and Toomey, respectively, the meeting was adjourned at 8:05P.M.