

**COUNTY OF DALLAS/COUNTY OF KAUFMAN
CITY OF SEAGOVILLE**

CITY OF SEAGOVILLE CITY COUNCIL MINUTES

The City Council of the City of Seagoville met in a Regular Meeting on Thursday, August 5, 2010, beginning at 7:30 p.m. in the Council Chambers of City Hall, 702 N. Highway 175, Seagoville, Texas, with the following members present:

Mayor	Sidney M. Sexton, Jr.
Mayor Pro Tem	Brenda Thompson
Council Member	Harold Magill
Council Member	Lee Landess
Council Member	Peggy Day

The following Council Members were absent:
Council Member Carl Polnac

The following City staff members were present:

City Manager	Denny Wheat
City Attorney	Bob Hager
SEDC President and CEO	Bekki Roberts
City Secretary	Sheila Martin

Mayor Sexton called the meeting to order at 7:31 p.m. and delivered the invocation. The City Council led the Pledge of Allegiance. Adding Carl Polnac was not in attendance due to an excused absence.

PRESENTATION / PROCLAMATION(S)
NONE WERE SCHEDULED

CONSENT AGENDA

1. Consider approval of the minutes of the July 15, 2010 Regular City Council Meeting

Motion: Harold Magill made a MOTION Brenda Thompson SECONDED to approve, the Consent Agenda as presented.

VOTE: 4- Ayes 0-Nays

ITEMS FOR INDIVIDUAL CONSIDERATION:

PUBLIC HEARINGS
None Were Held

ACTION ITEMS

2. Consider Resolution No. 28-10 Authorizing the City to enter into an Agreement with CIGNA for Employee Health Insurance Benefits

Motion: Harold Magill made a MOTION – Brenda Thompson SECONDED to approve Resolution No. 28-10 as presented.

Discussion:

Lee Landess requested that Council be briefed on future contracts far in advance of the formal vote to approve a contract – to allow the Council enough time to review and consider contract options. .

Peggy Day asked for Council to consider additional employee benefit options in an effort to avoid furlough days and layoffs including but not limited to the following; withdrawing from Social Security (but retaining Medicare), and eliminating car allowances. See Attachment A for Councilmember Day's additional FY 2010-11 Budget Recommendations.

City Attorney Bob Hager stated the deadline for the withdrawing from Social Security was 1983 as a result of Section 218 Agreement of the Social Security Act.

Harold Magill requested a "Point of Order" be entered into the record – Stating Peggy Day's e-mail (Attachment A) potentially violates the Open Meeting Act. E-mail as a rule pose no problem but, the e-mails need to be presented to the City Secretary for inclusion in the City Council Friday Agenda packet.

Lee Landess requested the "drop-dead" date for Employee Health Insurance Benefit approval.

Human Resources Director Janet Goad stated the cut-off date for Council approval will be September 2, 2010.

Lee Landess stated he did not want employees to be without health insurance and the vote needed to be taken tonight.

VOTE: 4- Ayes

0-Nays

3. Formal presentation of the City Manager's Proposed FY 2010-11 For the City of Seagoville, Texas

City Manager Denny Wheat read the City Manager's Budget Memo (Attachment B) into the record. Denny Wheat also stated; decisions made tonight will impact the future. Setting an FY10-11 effective rate of 0.681528 will generate the same amount of property tax revenue as in FY09-10. Given

Seagoville's FY10-11 property valuation each penny (0.01) cents on the FY10-11 rate will raise an additional \$45,000 in tax revenue...

Council may set – they may set a lower rate upon adoption of the budget; but may not set a FY10-11 property tax rate higher than the rate that's adopted tonight.

4. Council will Discuss the Tax Rate, Take a Record Vote on the Maximum Tax Rate to Consider (if required), and Set Public Hearings on the 2010 Tax Rate.

Mayor Sexton commented the adopted rate will determine service levels.

Brenda Thompson stated Council could also lower the rate, but she is hesitant to 'lock-us-in" at the effective rate of 0.681528

Harold Magill – It is difficult to raise the rate in a poor economy.

Lee Landess – Does not want to lock-in at 0.65. Does not want to go to the effective rate of 0.681528. Council needs to do whatever needs to be done to maintain current service levels.

Denny Wheat stated 0.65 tax rate budget to fund current service levels for FY10-11 was presented to Council on Monday, August 2, 2010.

Peggy Day – Willing to go to the effective rate of 0.681528, if Council can adopt a lesser rate if warranted in future years.

CONSIDERATION OF THE MAXIMUM TAX RATE THE COUNCIL SUBMITTED THE FOLLOWING RATES FOR CONSIDERATION

Council Member	Round 1	Round 2	Vote on 0.6650
Brenda Thompson	0.6600	0.6650	Ayes
Harold Magill	0.6700	0.6650	Ayes
Lee Landess	0.6650	0.6650	Ayes
Sidney Sexton, Mayor	N/A	N/A	N/A
Carl Polnac	Absent	Absent	Absent
Peggy Day	0.6800	0.6650	Ayes

Motion: Peggy Day MOTIONED to adopt an FY 10-11 tax rate of 0.6650 cents per \$100 valuation – Lee Landess SECONDED

Vote: 4 Ayes

0 Nays

Following the vote on the FY10-11 rate of 0.6650 cents, the Mayor proposed holding the first public hearings on the FY10-11 Proposed Tax Rate on Thursday, August 19, 2010 at 7:30 p.m., and the second public hearing on Thursday, September 2, 2010 at 7:30 p.m.

PUBLIC HEARING DATES ON PROPOSED FY10-11 TAX RATE

Lee Landess made a MOTION and Harold Magill SECONDED to approve the FY 10-11 Proposed Tax Rate dates of August 19, 2010 and September 2, 2010.

Vote: 4 Ayes

0 Nays

MAYOR'S STATEMENT ON PROPOSED FY10-11 TAX RATE

Following the vote to set the FY 10-11 Tax Rate and dates for the First and Second Hearings on the Tax Rate, Mayor Sexton read the following statement into the record as required by State law:

Council Member Peggy Day made a MOTION to propose a tax rate for FY 10-11 of 0.6650 cents per \$100 valuation.

The current rate is 0.6500 cents. The proposed rate is 0.66500 cents per \$100 taxable which will set the FY10-11 rate at 0.016528 cents below the FY10-11 effective rate of 0.681528 cents.

Two hearings on the FY10-11 Tax Rate will be held at Seagoville City Hall at 702 Hwy 175. The first hearing will be held Thursday, August 19, 2010 at 7:30 p.m. The second public hearing will be held Thursday, September 2, 2010 at 7:30 p.m.

4. Council will Discuss the Tax Rate, Take a Record Vote on the Maximum Tax Rate to Consider (if required), and Set Public Hearings on the 2010 Tax Rate.

CITIZEN COMMENTS

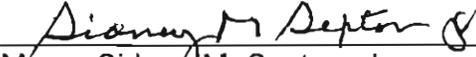
Jose Hernandez, 733 Fairview, Seagoville, Texas referenced the Executive Session Agenda Item to Review the City Manager's Performance – speaking in support of City Manager Denny Wheat. Hernandez outlined improvements to the City infrastructure and included the City Manager's professional experience as being assets to the City.

Reverend Jim Wilkins, 1311 Bryan Place, Seagoville Texas spoke in support City Manager Denny Wheat and the benefits of his leadership including the

ADJOURN

Mayor Sexton adjourned the Council meeting at 9:26 p.m.

Approved this the 19th day of August, 2010.



Mayor Sidney M. Sexton, Jr.

ATTEST:



Sheila J. Martin, City Secretary



Rm-1- Min CC Meeting-08-05-10

Attachment A

From: sharyn day (sday727@sbcglobal.net)**To:** randbthompson@att.net; gwmag@sbcglobal.net; landesslandscape@gmail.com;**Date:** Thu, August 5, 2010 1:22:11 PM**Cc:****Subject:** [No Subject]

These are my issues tonite. Thought I'd give you a heads up and welcome your views.

The proposed FY 2010-11 budget for General Funds:

Anticipated revenue is \$6,671,566.

The Total Adjusted Wages after frozen positions is approx. \$5,255,882. This is 78.78%

of projected revenue.

TMRS will be approx. \$396,000 total per year for enrolled employees. This is 7.5% of total wages.

Health Ins. is \$564,660 for 90 employees. This is 10.74% of total wages.

City's FICA contribution for SS is approx. \$254,368 (6.2% x total wages of \$4,102,712, including longevity, FLSA O/T, and car allowance). This is approx. 4.83% of total wages.

The full FICA, SS and M/C ($\$4,102,712 \times 6.2\% + 1.3\%$ or $7.5\% = \$307,703$), is 5.85% of total wages.

Total benefits = 24.09% of total wages. Car allowances of \$23,600 is included in base+ wages.

I propose to withdraw from Social Security (retaining Medicare). This will save the City approximately \$254,368, next FY and return the same amount of \$254,368 to the employees. The employees could use part of this to copay Health Insurance at perhaps \$100-\$125 per month (and have some left for an IRA). This would reduce Health Ins. cost by \$108,000 or \$135,000 (from total of \$564,660 to \$456,660 or \$429,660). This would seem more desirable than cutting coverages.

I then propose eliminating car allowances and instead instituting a set mileage reimbursement to be paid upon submission of actual expenses.

We would then have an amount that would allow rehiring of a code inspector, street maintenance worker, perhaps upgrading the pay scale of the lowest-paid workers, and something more to keep our streets from further deterioration.

On Ramsey Ins., I met with Bekki and I think giving Balch \$9,500 to get him out of our hair will be a bargain. It will also tenant another at SEDC location which may attract a small biz. We can't "sue" the people who may have misled him, and the Kaufman/Mathis Sts. neighbors will be grateful along with the seniors who walk and toddle down Mathis St. to the shopping center. (Bekki gave an unsolicited compliment for "new council.")

On the sanitation, will the automated pick-up be practical in Seago where so many people park on the street? I don't have any idea how many of them would be in the way between 8am and 6pm.

God bless us tonight as we tackle all these issues!

Peggy

BUDGET ARGUMENTS

General Funds

This Council has come to a critical point in its financial oversight with instructions by the CM that Council has no choice but to raise property taxes and/or eliminate the 10% homestead exemption.

Neither of the two suggested items above will win my support. The citizens of Seagoville have paid dearly through the neglect of city services primarily in the street infrastructure. The city must be managed as a business and we council members must rededicate our energy to leading Seagoville as the citizens desire and in a fiscally sound manner. Let me review the definitions of a business:

1. A business is described as an ongoing concern. Such is Seagoville.
2. A business has financial statements. Seagoville has those.
3. A business has a profit and loss statement. Our P&L statement is called a fund balance.
4. A business has a board of directors. Our board of directors is the this Council.
5. A business has an annual audit. Seagoville has an annual audit.

We know the list goes on and on. Our responsibility is no less than that of any other business.

In studying the budgets for the past five years, I find that the City operated each of these years at a deficit (borrowing from prior years unexpended fund balance) by the expenditures exceeding the revenue received in that year. According to my calculations, the sum of these yearly deficits is just shy of three million dollars. At the current rate of spending and revenue remaining at the present-day level, the General Fund of our City will soon be depleted.

As a Council, we need to move away from committing all our attention to the revenue side of the equation. It is imperative that our collective thoughts be directed to the reduction of expenses with maximum attention on employment cost. Present employment cost exceeds 5 ½ million, sucking up 80% of General Fund revenues. I call your attention to possible areas that could greatly reduce expense and minimize the impact on employees. These cost reductions would provide the General Fund the additional monies it needs to provide the citizens the service they deserve.

1. Car allowance to be discontinued. Present cost is \$23,600. If an employee has a need to use their personal vehicle for City business, an expense report should be prepared and mileage allowance payment equal to the IRS-approved level be given for reimbursement.
2. Reduce the City contribution to TMRS back to 1-to-1 from the present level of 2-to-1. For the FY2010, the City cost of TMRS will be \$427,000. The

- employees contribute 7% of their gross salary to TMRS, the City matched with 14%. By reducing to 1-to-1, we will be able to save about \$213,000.
3. Opt out of Social Security which is not required by law when government employees have another form of retirement plan. This itself is worth close to \$260,000. Not only would this be major savings for the City, but it translates into a 6.2 salary increase for employees as they will no longer contribute their share to Social Security. Furthermore, most employees have already contributed to Social Security for the 10 years necessary for Disability and Survivor Benefits. Medicare will continue as required by law.
 4. With regard to the 8 frozen vacant positions, there is a need to fill the position of streets maintenance worker and code enforcement officer. Lack of code enforcement in the old high-density neighborhoods is on the verge of creating areas of severe blight where non-enforcement could result in a high crime rate.

These suggestions are submitted for your consideration prior to our first budget session next month. They are a starting place result of three months research, meditation and anguish. The benefits I suggest turn out to be the ones that City of Dallas employees received. I submit this to you to ponder and weigh as you continue your own research, meditation and anguish.

*Peggy Day
July 24, 2010*



Memorandum

To: Mayor and City Council
From: Denny Wheat, City Manager
Subject: FY 2010-2011 Proposed Budget Presentation
Date: August 5, 2010

Mayor and Members of the City Council

As provided for in the City Charter, we are presenting the City Manager's proposed FY 2010-2011 Operating Budget. As you know, given the current economic climate this year's budget and budget process will be very different from that which we have experienced the last several years. The staff has spent a significant amount of time in developing what I believe is a fiscally sound program of work under what will be next year's constraints. The proposed budget also draws on the feedback received at the Council Retreat held July 10,, 2010. The Summary & Overview found in the budget provide the significant portions of the proposed budget that require policy level decisions.

As you know, the national and regional economies have nearly slowed to a stop and anticipating where the economy will bottom out has made budgeting for next year difficult. The private sector and the vast majority of cities are feeling this financial pinch. While Seagoville is in better financial shape than some, the City, too, is feeling this economic crunch.

While we have been adjusting to the economic slow-down for the last two years, as you will note in reviewing the proposed budget, the rate of increase in revenues has slowed significantly and, in some cases, gone negative. While most cities in north Texas saw a decline in taxable value last year and this year, Seagoville's taxable values remained essentially flat last year largely due to the addition of 141 new parcels to the tax roll. New construction has been steadily declining from a high of \$40 million several years ago to \$9 million in 2009 and to \$3.8 million this year. Impacted, of course, by this slow down in construction are building inspection and construction fees. Sales tax, the general funds second largest revenue source, has also declined in this fiscal year by over \$30,000 or two percent. We are estimating, optimistically, that sales tax will remain flat in Fiscal 2011. Also, with interest rates declining, interest income has also taken a big dip. While we may see a slight increase in FY 2011 revenues of .2 percent or approximately \$16,000, an estimated revenue decrease of \$94,201 in budgeted revenues this year has taken its toll. Taken together, these declining revenues have resulted in a 3.5% decrease in overall available resources in the general fund. In spite of this tight budget year, we feel that we are presenting a proposed budget that maximizes our limited resources and maintains a very healthy fund balance of \$1.25 million or 67 days of operating reserves.

In order to close the revenue to expense gap in the proposed budget, we are recommending some significant reductions in general fund operating expenses.

Through a series of reductions this year, operating expenses in the general fund have been reduced by \$137,470, allowing us to end this year with a 74.1 day fund balance, 9.4 days over what was budgeted. Operating expenses in the proposed FY 2010-2011 have been reduced by \$524,713 from the base budget. When compared to the FY 2010 year end estimate of expenses, the total expenses in the proposed 2010-2011 general fund operating budget will be reduced by \$132,607.

These budget reductions have all come from the base budget. We have attached a list of the proposed reductions, many of which will significantly impact city operations and a few of which will directly impact the delivery of services. For example, the proposed budget provides for only one replacement a marked police vehicle and there are no compensation adjustments for employees. The equivalent of 8.8 positions has been "banked". This effectively eliminates a clerical/assistant position, one code officer, one animal control officer, one records clerk, one street position, one dispatch position, 2.8 parks maintenance positions. These positions will be filled on a mission critical basis as other positions become vacant, the goal being to reduce personnel cost by almost \$400,000. The street maintenance budget had been reduced by \$80,000 in the current year and no additional reductions are proposed for next year.. Making up the balance of the \$202,650 is a myriad of smaller reductions which will impact the individual departments. In addition, department managers submitted supplemental funding requests for \$71,200 that have been included for consideration.

Although we are optimistic that the economic decline has run its course and that we will experience modest increases this next year in construction and retail sales, we can still anticipate a very difficult year in FY 2011. As our demand for services continues to increase, we would anticipate the need for a slight property tax rate increase in FY 2012.

As mentioned above, this is a very unusual year in many respects, one of which is that we should, for the second year, see an effective tax rate higher than the currently adopted rate of \$0.65. Should this occur we would recommend to the Council that the property tax rate be raised to the effective rate.

Although a water and sewer rate increase was forecast last year for an additional increase in FY 2010, rates have performed significantly well enough to forgo that increase this year. We would expect to update the Cost of Service Plan this fall and, if a water or sewer rate increase is warranted, present that information to the Council for consideration. As discussed with the Council previously, moderate increases are necessitated as a result of our membership in the North Texas Municipal Water District's wastewater regional system. This wastewater expansion will provide wastewater capacity for the City until 2025. Although the existing wastewater treatment plant has been decommissioned, the City will continue to pay debt service until 2015. The other large impact requiring a rate increase is the construction of the

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Formal Presentation of the FY 2010-2011 Budget
August 5, 2010
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City's second water tower. This \$2 million project will provide water capacity to the community through build out.

I would like to take this opportunity to thank my staff for their hard work in compiling this budget and I believe the efforts of the Council and staff will result in a sound financial plan and program of work that will align the City with both its financial capabilities and its many opportunities.

The staff and I look forward to working with you in finalizing a budget that reflects the needs of the community within the resources available.