

STATE OF TEXAS §

COUNTY OF TARRANT §

CITY OF BEDFORD §

The City Council of the City of Bedford, Texas, met in regular session at 9:00 a.m. in the Law Enforcement Training Room, 2121 L. Don Dodson, Bedford, on the 7th day of August 2009 with the following members present:

Jim Story	Mayor
Roy Turner	Mayor Pro Tem
Chris Brown	Council Members
Ray Champney	
Roger Fisher	
Lori Nail	
Roy Savage	

Constituting a quorum.

Staff present included:

Beverly Queen	City Manager
Steve Johnson	Deputy City Manager
David Flory	Police Chief
John Kubala	Director of Public Works
Shanae Jennings	City Secretary
Jill McAdams	Director of Human Resources
Mirenda McQuagge-Walden	Managing Director of Community Services
Leigh Morgan	Deputy Director of Parks and Recreation
Maria Redburn	Library Manager
Tom Ross	Director of Administrative Services
Bill Syblon	Development Director
James Tindell	Fire Chief

CALL TO ORDER/GENERAL COMMENTS

Mayor Story called the work session to order at 9:00 a.m.

WORK SESSION

NOTE: Handouts provided by staff are on file within the City Secretary's Office regarding discussion points and presentations for most of the below indicated items. If the item has an asterisk (*) noted beside a handout is on file.

1. Receive status report on library renovation project.

City Manager Beverly Queen introduced Bill Hidell.

(*1) Bill Hidell of Hidell and Associates Architects provided a general overview of the Library renovations

and expansion, and discussed minor changes being made since he last spoke to Council. Three subtle changes include: 1) The children's story time area, 2) the computer lab and 3) the staff area for the RFID AMH sorter.

2. Receive and discuss FY 2009-2010 budget overview.

(*2) City Manager Beverly Queen provided an overview to the Council of how the budget presentations will work. She indicated that in all her years of working with budgets that this was by far the most difficult one to do based on the economy and economic shortfalls. Demands for City services absolutely increase when the economy is poor; it is not in any way consistent with retail services. Ms. Queen commended the staff on cutting back on costs and indicated that this budget does not grow government, that in fact it doesn't even maintain government based on what all has had to be cut. However, the same level of services will be provided to citizens. She indicated to the Council and staff that the budget presentations would be the same this year as they were last in that there are no individual department presentations, but instead, a more generalized and summarized version of the 09/10 budget will be presented and opened for questioning.

Generally, staff will discuss the Library project, a general overview of the budget, future planning issues as they relate to: a) GASB 45, b) the updated Parks Master Plan, c) the 183 Corridor Study, and d) energy management projects, utility rate changes and the CIP. Specifically, there will be an emphasis placed on the three primary focus areas identified by Council, which include Economic Development initiatives, Code Enforcement and Inspections and the budget as a whole. Capital projects for discussion will include an update on the Library project, review of the 5 year CIP plan, stormwater improvements and FY 09/10 bond sale. Items up and coming on the radar for discussion include the Senior Citizens Center and radio replacement. Critical focus areas and goals of the Council have been tied to the budget and will be presented throughout the day.

The proposed FY 2009/10 budget will include a property tax rate that is the effective rate and will result in an increase in the current tax rate. However, it was stressed that it is important to understand that while the tax rate is increasing tax revenue from the same properties on the tax roll last year will remain the same.

Financial highlights include the following:

Total proposed base budget = \$55,513,467

Total supplemental requests = \$943,513

Council is seeing very few supplemental requests approved within this budget.

Total proposed budget = \$56,456,980

2009 Effective tax rate = \$0.463348

Rollback rate = \$0.495199

Proposed tax rate = \$0.463348

FY 2009/10 Budget Recap and Summary:

- Support Council's strategic plan;
- Maintain effective tax rate;
- No fee increases unless absolutely necessary;
- Minimum of 5% decreases in expenditure;
- No increase in personnel cost (positions were frozen);
- Absorb operating costs for Senior Center;
- Stabilize the Water and Sewer Fund to meet operational requirements;
- Continue to allocate funds to "pay as you go"; and

- Increase working capital
3. **Discuss and consider future planning issues, including but not limited to the following items:**
- **Retiree Health Insurance – GASB 45 implementation**
 - **Parks Master Plan Update**
 - **183 Corridor Study**
 - **Energy Management Projects**

(*3) RETIREE HEALTH INSURANCE – GASB 45 IMPLEMENTATION:

Tom Ross, Administrative Services Director, presented information to Council about the GASB 45 requirements that will become effective at the end of the September 2009 fiscal year. The City of Bedford offers retirees and eligible dependents the option of participating in Employee Health and Dental Insurance Plans at a subsidized cost based on a combination of age and years of service. The maximum subsidy is 50% of the employee premium. GASB requires that governmental entities that provide healthcare benefits to retirees reflect the future costs of those benefits. The plan for Bedford is as follows:

A dual plan will be set up. 1) Employees who are closest to retirement eligibility will be grandfathered and kept on the City's current plan. 2) A Retiree Health Savings Account will be established for employees once they reach 10 years of continuous service.

To satisfy the need to demonstrate funding the City will establish an OPEB Trust for the grandfathered plan and establish a Retiree Health Savings Trust on behalf of those employees with 10-20 years service that are not grandfathered.

PARKS MASTER PLAN UPDATE:

Kimley Horn has held meetings with stakeholders to include meetings with the following: 1) City employees, 2) senior staff, 3) Council, 4) Parks and Recreation Board and 5) four with the public. A plan has been formulated based on all the comments from the meetings and this plan has been presented to the Parks and Recreation staff. On Monday, August 10, 2009 the plans will be presented to senior staff and then at a later date they will be presented to the Parks and Recreation Board. Following those meetings modifications to the plan will be made as necessary.

183 CORRIDOR STUDY:

Development Director, Bill Syblon, presented information to Council regarding the major concerns and issues facing Economic Development within Bedford, which includes the Highway 183 Corridor Expansion. The study for the highway expansion has been conducted. Mr. Syblon presented a map of what the expansion is supposed to look like and made that map available to Council. He indicated that public input meetings (stakeholder meetings) have been held in order to provide feedback to TxDOT and that those meetings were very informative. Overall, Kimley Horn, the Development Department and the Public Works Department are working in tandem with one another to ensure they are addressing the 183 expansion in a way that will affect the City of Bedford as positively as possible.

(*4) ENERGY MANAGEMENT PROJECTS:

John Kubala, Director of Public Works, spoke about the Automatic Meter Reading (AMR) Business Case Analysis. Currently the City contracts meter readers. These meter readers walk or drive from meter locations, manually enter data into handheld devices and then the handheld device data is entered into the billing system. The objectives of a new AMR system are numerous, to include: reducing meter reading costs, reducing field visits by meter service workers, streamlining customer service processes,

enhancing customer service levels, reducing arrears and bad debts, reducing adjustments, reducing theft of service, improving data for forecasting and facilities planning, increasing billed-for revenues, reducing unaccounted-for water, reducing volume of calls handled by customer service, streamlining customer service processes and reducing adjustments by enabling it to notify customers of high consumption and assist in conservation efforts. In conclusion, staff estimates that 7-8% of consumption is under-registered each year which results in lost water and wastewater revenues. In conjunction with the replacement of old meters, data from an AMR system could enable the City of Bedford to target meters that are stopped or running slow and thus conserve capital and increase volume.

4. Discuss recommended utility rate changes.

(*5) Tom Ross, Administrative Services Director, discussed recommended changes for utility rates. He indicated that last year staff advised the Council that a rate analysis for the water/sewer fund would be conducted. Additionally, staff would be looking at a five-year plan to ensure that the water system remains financially sound as future needs arise. Allen Mullins of ProsConsulting conducted the analysis. To achieve the goal of keeping the fund healthy, the rate analysis suggested the following:

- The Revenue Budget for water sales in this budget requires an increase of 21% on the base water rate and an increase of 10% on the flow/1000 gals rate; and
- The Revenue Budget for wastewater treatment in this budget requires an 11% increase in the base rate and a 45% increase in the flow/1000 gals rate.

A “breakeven” rate increase will not contribute to the future viability of the Water Utility. The need for a rate increase is contributable to several factors, including:

- 1) Increase in the treated water cost;
- 2) Increases in sewer treatment cost;
- 3) Increases in water system debt service costs resulting from the need to replace aging infrastructure;
- 4) General increases in basic operating costs such as fuel, electricity, and personnel that have simply been affected by normal inflationary pressure;
- 5) Increases in the water utility system infrastructure maintenance repair costs; and
- 6) Our inability, with current rates and associated costs, to generate sufficient operating revenue to meet working capital reserve requirements, provide for repair and replacement of an aging infrastructure and our debt covenants.

In conclusion, the rates being proposed at this time will achieve the following:

- 1) Cover the current year operations;
- 2) Bring our bond covenant ratios into compliance;
- 3) Make progress in bringing working capital requirements into compliance with the City’s financial policy;
- 4) Involve a significant increase in both water and sewer rates (base rate as well as the flow/1,000 gal rate) this year and more modest increase in future years based on projecting future needs;
- 5) Allow the City to maintain a five year “business model” that will continue to address the infrastructure, maintenance and operating needs of the water/sewer system and will provide an orderly process to meet those needs; and
- 6) Despite what is a significant increase, the City’s customers will still enjoy water rates that are among the lowest in the Metroplex and particularly in the immediate area.

5. Review and discuss Capital Improvements Program (CIP).

(*6) John Kubala, Director of Public Works, spoke about various projects on the horizon for the 5 year CIP plan, which include wastewater and water plans (sanitary sewer improvements), drainage and traffic

improvements. There was also a discussion about steps that need to be taken to address the Sulpher Branch drainage problem.

6. Discuss wrap-up of any other budget related items.

Council asked general questions of the City Manager regarding supplemental requests and the necessity for them. Staff generally responded to their questions.

Councilman Brown asked whether or not the City planned to enter into a lease agreement with Onstage. Staff responded that they were preparing to proceed with an RFP for a theater group to occupy that building.

ADJOURNMENT

Mayor Story adjourned the meeting at 3:21 p.m.

Jim Story, Mayor

ATTEST:

Shanae Jennings, City Secretary