

CITY OF CASTLE HILLS
CITY COUNCIL SPECIAL MEETING
MINUTES OF AUGUST 15, 2011

A special meeting of the City Council of the City of Castle Hills was held at 6:00 p.m. on Monday, August 15, 2011, in the Council Chambers at the City of Castle Hills, 209 Lemonwood Drive, Castle Hills, Texas, 78213 to consider the following agenda:

The attendance roster was signed by Glenda Olivier, William Beuhler, Pamala Farris, William Schluter, and Michael and Christine Catalani.

I. OPENING

- A. QUORUM - Present and composing a quorum of the City Council were Mayor Bruce Smiley-Kaliff, Tom Davis, Douglas Gregory, Tim Howell, and Marcella Huff. Steve McGuire was absent.

Staff present was City Manager Michael Steele, Assistant City Manager Rita Hoyle, City Secretary Linda Gill, Court Administrator Wendy Reyes, Fire Chief Jerry Riedel, Assistant Fire Chief Mike Fincke, Police Chief Donny Davis, Police Captain Wayne Davis, and Public Works Director Rick Harada.

II. ANNOUNCEMENTS - None

III. REPORTS - None

IV. BUDGET WORKSHOP

PRESENTATION AND DISCUSSION OF THE PRELIMINARY FY 2012
BUDGET FOR THE CITY OF CASTLE HILLS.

Mayor Smiley-Kaliff called the meeting to order at 6:00 p.m. and opened the meeting to discussion of the proposed budget income accounts. Councilman Gregory began with general questions concerning TMRS and the amount budgeted in the Street Maintenance Fund. Mr. Steele stated that income for 2012 is stated very conservatively. He explained that the increase in warrant income is anticipated, since Linebarger will be handling the collections; and online payments have been implemented. He said that, if things continue as they are right now, he expects sales tax to increase because he is seeing more retail shops open.

Discussion turned to expenses, and Chief Riedel read through a list of Fire Department expense cuts that amounted to \$7,550.00. The chief confirmed that the "Jaws of Life" tool that he would like to purchase is not in the budget. He explained that he has been making do with the old one, but it is old and parts for it are hard to find if it needs repair. In response to council member Huff, Chief Riedel explained that the salaries include the 2% cost of living increase; and referring to the 3-phase program that was implemented two years ago, he raised lieutenants 7% and raised firefighters 5%, instead of 2%. Council member Huff commented that raises above cost of living increases should be based on merit and that she has pointed that out every year. She added that raises also depend on the city's economy. She

reiterated that no promises were made concerning salaries. She said promises can't be made because the make-up of the council changes from year to year, and the most that can be said is that the situation can be looked at seriously come budget time.

Mayor Smiley-Kaliff said that, actually, the same people are present that were present three years ago. Councilman Davis recalled that the council knew it could not do all salaries in one year to bring employees to comparable pay with other area cities. He said they decided that a 3-year phase-in may accomplish that, and this is the last year of that phase-in. He said he doesn't know if they want to call it promise, but he calls it commitment. Councilman Davis said they have a city manager, who gave them a budget, and he is tired of micromanaging. The city manager has done what they asked him to do by cutting the budget 5%. Council member Huff said they do need to micromanage the budget, not the day to day activities; because that is what they are elected to do as a city council. It is the fiduciary responsibility of the city council to ask very probing questions. Councilman Howell remarked that the budget will be decided by the public input from citizens, and nobody in Castle Hills stays quiet.

The mayor moved on to the police department. Captain Davis explained that his budget includes the original salary increases, which he presented at the last budget meeting. He read through specific line items that he cut to decrease the budget by 5%, as the council had instructed.

Public Works Director Harada detailed the line items he had reduced to reach the 5% cut. In response to a question from council member Huff regarding a cut in training expense, Mr. Steele said that he did not feel comfortable cutting training, but he allowed the department heads to cut where they felt they could. The mayor asked Mr. Harada the status of turnover in his department currently. Mr. Harada said he had one employee quit today. He said that the training is primarily for Animal Control. Prompted by the mayor, Mr. Harada said that his employee quit because he felt insecure with everything going on in the city. He was a new employee and a good worker, but he was worried about salary freezes and his chance to move up to a position with Sanitation.

Court Administrator Reyes discussed the line items under Municipal Court expenses that she cut and answered questions from council members regarding the Court Technology and the Building Security funds. Councilman Gregory questioned the amount of her raise in salary. The mayor cautioned that any discussion of a particular employee's salary could not be discussed in an open meeting. Ms. Reyes did confirm for Councilman Gregory that only the operating portion of the budget was cut, not salaries.

Assistant City Manager Hoyl reported on the changes to revenue and expenses under the Administration Department. She reported increases in warrant, STEP, ad valorem taxes, and sales tax revenues. She said reductions were made to Subscriptions and Dues, Newspaper Publications, Newsletters and Post Cards, and Mayor/Council Expenses. Councilman Gregory initiated discussion concerning the post cards sent to advertise the council meetings. Miss Hoyl reported that 48 post cards are still being mailed at the residents' request. E-mails are being sent to the

other residents. Council member Huff said that numerous people have asked her what has happened to the post cards. So she thinks maybe there is an assumption that people don't want post cards. Ms. Hoyle said that she has received only a couple of calls from people asking that, and she explained that e-mails were sent. Council members discussed the need to have e-mail addresses from as many residents as possible, not only for post cards, but for emergency announcements as well. They discussed putting the post cards on the agenda. Further discussion continued concerning whether the post cards should go out one more time to see if people might have missed the note about having it sent by email, since the print was so small. The mayor added that the note, in larger print, should again be included on the postcards.

Councilman Gregory went over the dollar amount of increases and stated that he still did not see where the \$60,000.00 decrease in the budget is. Mayor Smiley-Kaliff pointed out that there was an increase in revenue and a decrease in expenses. The result was the reduction in the budget. Mr. Steele reminded the council that this budget is \$17,000.00 less than last year's expenditures, and he does not know of any cost that hasn't gone up in the last year. Councilman Gregory said that this budget is higher than the original budget presented in July. Mr. Steele said that he asked each department head to cut their budgets by 5.5% in the operating expense, not salaries. He again mentioned that salaries were increased because of the prior commitment made regarding salaries. He said that they have taken care of the chiefs, they have taken care of the middle management, and now it is time to take care of the people who are out there serving the people of the city. Councilman Gregory said that he was not discussing the salary increases. He said he thought it was deceiving that they only addressed half the budget. Mr. Steele said that they addressed the revenue and the expenses, and the budget was reduced almost \$61,000.00.

The mayor asked if there were any more specific questions regarding the proposed budget. Councilman Howell asked why they met tonight. Council member Huff said that they never had a budget workshop, and she thought it was important that they had one. Mayor Smiley-Kaliff said that he wanted to ensure that everyone on the council, although they may not agree to the "why" of the budget, will know what the "why" is.

Mr. Harada responded to questions from Councilman Gregory regarding the city's animal shelter. Councilman Howell said that he hoped that in the future the council would begin to think outside the box because; although the costs may be more up front, the world is moving electronically. He wants everyone to think about spending the necessary money up front and move toward going electronic. Council member Huff questioned the value of PMI meetings. She felt the one on one meetings with the city manager changed the level of discussion among council members. Councilman Davis suggested meetings attended by the whole council to brainstorm and discuss ideas are needed. The mayor said he would love to have the council do a two-day retreat to exchange ideas and discuss issues.

Councilman Gregory asked how the TMRS payment impacts the budget. The mayor said that it would not impact the budget, if they followed Councilman McGuire's recommendation. Mr. Steele said that it would be paid with some of the

six months' savings that the city has.

Mayor Smiley-Kaliff asked if there were any other questions or items in the budget that warrant a meeting tomorrow night. Council member Huff said that she wanted to discuss salaries, but in her heart of hearts, she didn't think it would do any good. She said she has been put soundly in her place by trying to discuss it tonight. She said that she did not want to discuss a particular person's salary; she wanted to discuss the whole thing. She said it's about someone saying a commitment was made, when no commitment was made. She said they never discussed percentages; and the council never gave any direction to the city manager, based on proposed revenue, as to what percentage salaries should be. She did not agree that cost of living increases should be given to everyone, across the board, whether they deserved it or not.

Councilman Davis pointed out that the city does not have job descriptions or evaluations. Councilman Howell said that he agreed that job descriptions and evaluations need to be put in place. He stated that the city has a businessman now, someone who they all have confidence in. He said that the city manager goes to each head of department, who all are experienced and know their departments. He said that, if an employee gets a 50% raise, the council should not deny it just because they can. Councilman Gregory commented that, according to the Federal Reserve, the economy will be zero for the next two years; and we may be going into a double-dip recession. He said he does not think this budget reflects reality. He said that, fortunately, through good management the last 8 or 9 years, the city has a substantial surplus reserve that is paid for; and thinking outside the box by council members has resulted in revenue like STEP. He said he hopes the council can do it again. He concluded that they can't keep doing the budget the way it is now.

V. ADJOURNMENT

The mayor received no objections to cancelling the meeting scheduled for tomorrow night.

Motion: Councilman Howell moved to adjourn the meeting. Council member Huff seconded the motion. The motion carried unanimously, and the meeting adjourned at 7:25 p.m.

These Minutes were approved on the 13th day of September, 2011.

APPROVED:

Bruce Smiley-Kaliff, Mayor

ATTEST:

Linda Gill, City Secretary