

CITY OF CASTLE HILLS
SPECIAL CITY COUNCIL MEETING
MINUTES OF SEPTEMBER 2, 2009

A special meeting of the City Council of the City of Castle Hills was held at 6:00 p.m. on Wednesday, September 2, 2009, in the Council Chambers at City Hall, 209 Lemonwood Drive, Castle Hills, Texas.

I. OPENING

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

Staff present was Interim City Manager Rita Hoyl, City Secretary Linda Gill, Chief Jerry Riedel, Police Chief Donny Davis, Public Works Director Rick Harada, and Court Administrator Wendy Reyes.

II. ANNOUNCEMENTS - None

III. REPORTS - None

IV. PUBLIC HEARING

- A. PUBLIC HEARING AND COMMENT ON THE PROPOSED FY 2010 ANNUAL BUDGET

Mayor Harper opened the Public Hearing at 6:04 p.m. and invited citizens who wished to speak to come forward.

Matt Stroud of 100 Wickford Way approached the podium with his past tax bills. He asked why the city lowered the tax rate. He said that he paid \$973.68 in property taxes in 2003. He said that he paid \$980.00 in 2009, which is the same as six years ago. He proposed going back to the rate of fifty and one-half cents. He stated that he was totally opposed to cutting city services or making life harder on city servants.

Bill Martin of 113 Cobblestone agreed with Mr. Stroud. He said that he has lived in Castle Hills for 24 years and has had the finest city services. He said that property owners need to pay for what they get.

Bill Schluter of 112 Lemonwood remarked that he had studied the city budget. He said that higher property values are putting a burden on Castle Hills citizens. He passed out a list of his suggestions for cutting the budget to council members. He proposed a freeze on hiring, evaluating the STEP program, cutting the SWAT team, and purchasing software to better track zoning violations. He recommended that the city manager should set goals.

Joyce Buie of 222 Carolwood recommended that the council look for ways to lure and keep businesses in the city. She stressed that they carry the tax burden; and if the city takes care of them, they will help the city.

Jim Poage of 117 Fox Hall remarked that raising taxes is an insidious way to cover the shortfall in the city budget. He mentioned that he did not think that trash pick-up one day a week was unreasonable. He said that reserves for equipment are higher than they need to be.

William Beuhler of 124 Cas Hills Lane said he was pleased with the city services and is in favor of a balanced budget. He added that he would rather see a tax increase than going into the city's reserves. He recommended a small tax increase to balance the budget and a bond election to finance the repair of city streets.

Councilman Davis said that the council has been working for months to increase revenue by raising permit fees, not only taxes.

Council member McGuire suggested that the council sit down and prioritize. He recommended a hiring freeze and restrict overtime and comp time. He said department heads should have to come to the council and justify any hiring. He noted that the city has brain trusts that could come in and look at how the city does business. He agreed that the city needs to pass a \$7,000,000 bond for streets.

Mayor Harper said that she has been on the council since 2000, and the city is down to bare bones as far as staffing. She added that, to undermine the managers, is pathetic. A lieutenant is needed for the police department.

Council member Huff suggested re-prioritizing. She stressed that the council should spend more time looking at the budget each month and have the departments make presentations of items that are over or under budget. The council needs to look at the budget more closely.

Councilman Gregory commented that the current city council has worked hard to fulfill its fiduciary responsibility. He mentioned that the tax rate, the STEP program, and the Crime Control and Prevention District have helped the city tremendously.

Councilman Smiley-Kaliff said that he has seen this council work harder than he has ever seen them work, and it resulted in \$160,000 in savings. He said the reserves are to help the city. He was adamant about not taking any more money out of the employees' pockets than they have now. He said that the last \$155,000 is the city's rainy day this year. He said he felt strongly that they need to make sure that personnel stay in place to serve citizens as they are now, and it

might take two or three years to balance the budget. He said that it is a good budget and City Council will continue to look at it.

Councilman Davis mentioned that, if overtime and comp time are reduced, what will happen when people are sick or on vacation. He stressed that they needed to look at the absolute adequate staff. He said that, if the city can't pay for services, it will not get them.

Mayor Harper called Jenni Whitaker with Wortham Insurance to make a presentation of the employee group insurance renewal rates. Ms. Whitaker said that she was there to let the council know where Aetna was with the renewal rates. She recalled that the rates started out with a 49% increase, but through negotiations and with different plan designs and strategies, it's down to about a 21% increase overall this year. She said that the city now offers three different plans to the employees, and those three plans are being consolidated into one plan. She said that she wasn't sure which plan the city had decided on, the \$1,500 deductible or the \$2,500 deductible, but she thought they were headed to the Point of Service plan with a \$1,500 deductible. The question is what is the employee going to pay and what is the employer going to contribute to the cost.

Ms. Whitaker showed the council three different contribution strategies and the amount of increase the city would sustain with each. Councilman Davis remarked that, looking at the deductions for dependents, some city employee don't make that much to be able to afford the deduction. Discussion turned to the possibility of a health reimbursement plan, when Councilman Smiley-Kaliff suggested giving employees a loan for catastrophic illness. Ms. Whitaker explained how it worked, but her recommendation was to offer the \$1,500 deductible because the employees are already going to feel slighted, since they had three options, and now they only have one. Plus, it is going to cost them more out of pocket. She said that next year she expects that they will be looking at the \$2,500 deductible plan because the loss ratios will not be any better. They may be looking at a \$3,500 deductible to make it affordable next year. Council member Huff said that she was the one who suggested that the employees pay a percentage of the insurance cost. Ms. Whitaker said looking at the 10%, 20%, and 25% employee contributions is a good exercise.

Mayor Harper thanked Ms. Whitaker and said that she had done an excellent job providing the council with options and strategies. Council member Huff said the council just needs to decide if it is going to absorb some of the hit to the employees. Fire Chief Riedel said that he would like to speak from the employees' perspective. He said the council has been talking about services, and services are people. He said that employee morale is affected by things that happen in the council meetings. The chief commented that; although employees are not happy about not getting a cost of living raise, they understand. He said there will be a decrease in morale if employees are asked to share the cost of their insurance, on top of not getting a raise. He said looking at the increase in deductions, especially for families, they are going to take a pretty big hit. He

asked that the council give careful consideration to the overall picture and the employees' share.

More discussion followed, and the council agreed that what they did this year would greatly affect next year. Councilman McGuire said that the city needed to take care of their current employees. Ms. Reyes suggested that they ask employees, who are covered under their spouse's insurance, to opt out of the city's insurance. Ms. Whitaker said employees sign up because it is free. They need to be educated.

Mayor Harper announced a five minute break at 8:05.

The council reconvened at 8:10.

B. PUBLIC HEARING AND COMMENT ON THE PROPOSED 2009 TAX RATE TO BE CONSIDERED BY THE CITY COUNCIL ON SEPTEMBER 8, 2009 AT 6:00 P.M. AT THE CITY OF CASTLE HILLS CITY HALL, 209 LEMONWOOD DRIVE, CASTLE HILLS, TEXAS.

Mayor Harper had to leave and turned the meeting over to Mayor Pro-Tem Huff. Ms. Huff opened the Public Hearing and asked for comments.

Council member Smiley-Kaliff clarified that the tax rate is as high as it can be to avoid a roll back election. Councilman McGuire said that with everything the council has done he thought they had no choice but to hold it at the 8%. Councilman Davis asked Councilman Gregory if he thought the rate was too high. Councilman Gregory said no, that every agency out there is going to go up on their tax rate.

There were no comments on the tax rate from the public. The Public Hearing closed at 8:20.

V. OLD BUSINESS

A. DISCUSSION AND COMMENTS ON THE PROPOSED FY 2010 ANNUAL BUDGET.

Councilman McGuire asked what guidance they were going to give Ms. Hoyl concerning the health insurance. Councilman Smiley-Kaliff said that when Ms. Whitaker says that the best plan is the \$1,500 deductible POS, it is. He said that they should instruct Ms. Hoyl to budget it as on page 2 of Ms. Whitaker's hand-out. Mayor Pro-Tem Huff confirmed that it was the employee/employer plan that would result in a cost increase of \$90,715 (23.4%).

Ms. Huff said that she appreciated the city employees, but she thought that the council really needed to think about the fact that the city pays the employees a benefit that is close to \$5,000. The city has serious problems, and people

appreciate what they pay for. She said Council should consider that when they come to vote on the healthcare plan next week.

Councilman McGuire reiterated that they should direct Ms. Hoyl to implement a hiring freeze, so that when employees leave, those salaries can be taken out of the budget. The department heads should come to City Council and justify the need to fill a position. Councilman Smiley-Kaliff said he did not agree with that at all. The Police Department is down a couple of employees at the current time, and they need to fill those positions. He said that he cannot support a hiring freeze.

Ms. Huff said that is running the city on a day to day basis, and that is not what the city council does. Councilman McGuire said that Ms. Hoyl should bring a balanced budget to the council meeting next week. He said that he thinks Ms. Hoyl has tremendous ability to do that and should take the stance that Scully took in San Antonio by looking at cutting positions and reducing salaries.

Ms. Hoyl said that the staff has tried to cut every corner. She said that she would love to be the one to balance the budget, but it can't be done. The police and fire departments have to have a certain number of employees by city ordinance. She said Mr. Harada is out there doing the physical work, rather than managing the people as he should be. The police chief is snowed, and he is still at work when Ms. Hoyl leaves at 7 o'clock. She said they don't get comp time or overtime. The fire department hours are mandated by federal law, and she had Chief Riedel explain why they get comp time and overtime.

Councilman McGuire said the vote on the budget will be taken next week, and he thinks it should be recorded as to how everyone voted. He said that is when they will know what the deficit is going to be.

B. DISCUSSION AND COMMENT ON THE PROPOSED 2009 TAX RATE.

There was no further discussion and no comments on the proposed 2009 tax rate.

V. ADJOURNMENT

Mayor Pro-Tem Huff adjourned the meeting at 8:50 p.m.

These Minutes were approved on the 8th day of September, 2009.

APPROVED:

Marcy Harper, Mayor

ATTEST

Linda Gill, City Secretary