I. SPECIAL SESSION (EXECUTIVE SESSION) – 6:00 P.M.

A. CALL TO ORDER AND ANNOUNCEMENT OF A QUORUM – Mayor Cindy Siegel.

Mayor Cindy Siegel called the City Council of the City of Bellaire, Texas, to order at 6:02 p.m. on Monday, July 16, 2007. The Bellaire City Council met at that time and on that date in Special Session (Executive Session) for the purpose of consulting with City Attorney Alan P. Petrov regarding contemplated administrative proceedings before the Texas Commission on Environmental Quality (TCEQ) related to a rate increase for surface water imposed by the City of Houston, Texas. The Special Session (Executive Session) was held in the Council Chamber (open portions) and the Council Conference Room (closed portions), both of which were located on the First Floor of City Hall, 7008 South Rice Avenue, Bellaire, Texas. Mayor Siegel announced that a quorum was present consisting of herself and the following members of City Council:

- Councilman John F. Monday, Position No. 1;
- Mayor Pro Tem Peggy Faulk, Position No. 3;
- Councilman Pat McLaughlan, Position No. 5; and
- Councilman John Jeffery, Position No. 6.

Councilman Will Hickman, Position No. 1, and Councilwoman Debra Marz Davison, Position No. 4, were absent. Other officials present were City Manager Bernard M. Satterwhite, Jr., City Attorney Alan P. Petrov, and City Clerk Tracy L. Dutton. City Clerk Tracy L. Dutton did not participate in the closed portions of the Special Session (Executive Session).

B. CONVENE in Executive Session (Closed Session) in the Council Conference Room, First Floor of City Hall, 7008 South Rice Avenue, Bellaire, Texas, under Chapter 551, Texas Government Code, Section 551.071, Consultation with Attorney, regarding contemplated administrative proceedings before the Texas Commission on Environmental Quality (TCEQ) related to a rate increase for surface water imposed by the City of Houston, Texas, to become effective on or about September 1, 2007.
MOTION TO CONVENE IN EXECUTIVE SESSION (CLOSED SESSION):

A motion was made by Councilman Pat McLaughlan and seconded by Councilman John F. Monday to convene in Executive Session (Closed Session) in the Council Conference Room, First Floor of City Hall, 7008 South Rice Avenue, Bellaire, Texas, under Chapter 551, Texas Government Code, Section 551.071, Consultation with Attorney, regarding contemplated administrative proceedings before the Texas Commission on Environmental Quality (TCEQ) related to a rate increase for surface water imposed by the City of Houston, Texas, to become effective on or about September 1, 2007.

VOTE ON MOTION TO CONVENE IN EXECUTIVE SESSION (CLOSED SESSION):

Motion carried unanimously on a 5-0 vote as follows:

FOR: Siegel, Cindy
     Monday, John F.
     Faulk, Peggy
     McLaughlan, Pat
     Jeffery, John

OPPOSED: None

ABSENT: Hickman, Will
         Davison, Debra Marz

C. RECONVENE (Open Session) in the Council Chamber, First Floor of City Hall, 7008 South Rice Avenue, Bellaire, Texas, and take action, if any, on item(s) discussed in Executive Session.

The Bellaire City Council reconvened in Special Session (Open Session) at 6:47 p.m. on Monday, July 16, 2007. Mayor Cindy Siegel announced that the Bellaire City Council had met in consultation with City Attorney Alan P. Petrov under Chapter 551, Texas Government Code, Section 551.071, Consultation with Attorney, regarding contemplated administrative proceedings before the Texas Commission on Environmental Quality (TCEQ) related to a rate increase for surface water. She announced that no action would be taken.
D. ADJOURNMENT.

MOTION TO ADJOURN:

A motion was made by Mayor Pro Tem Peggy Faulk and seconded by Councilman Pat McLaughlan to adjourn the Special Session (Executive Session) of the City Council of the City of Bellaire, Texas, at 6:48 p.m. on Monday, July 16, 2007.

VOTE ON MOTION TO ADJOURN:

Motion carried unanimously on a 5-0 vote as follows:

FOR: Siegel, Cindy
     Monday, John F.
     Faulk, Peggy
     McLaughlan, Pat
     Jeffery, John

OPPOSED: None

ABSENT: Hickman, Will
         Davison, Debra Marz

II. REGULAR SESSION – 7:00 P.M.

A. CALL TO ORDER AND ANNOUNCEMENT OF A QUORUM – Mayor Cindy Siegel.

Mayor Cindy Siegel called the City Council of the City of Bellaire, Texas, to order at 7:01 p.m. on Monday, July 16, 2007. The Bellaire City Council met at that time and on that date in Regular Session in the Council Chamber, First Floor of City Hall, 7008 South Rice Avenue, Bellaire, Texas. Mayor Siegel announced that a quorum was present consisting of herself and the following members of City Council:

Councilman Will Hickman, Position No. 1;
Councilman John F. Monday, Position No. 2;
Mayor Pro Tem Peggy Faulk, Position No. 3;
Councilman Pat McLaughlan, Position No. 5; and
Councilman John Jeffery, Position No. 6.

Councilwoman Debra Marz Davison, Position No. 4, was absent. Other officials present were City Manager Bernard M. Satterwhite, Jr., City Attorney Alan P. Petrov, and Clerk Tracy L. Dutton.
B. INSPIRATIONAL READING AND/OR INVOCATION – Councilman John F. Monday.

Councilman John F. Monday recalled that a country he had visited had a designation for certain humans. That designation was called “National Living Treasure.” He thought that was unique, and noted that this past week the United States had lost a National Living Treasure in Lady Bird Johnson. The media had done an excellent job in recounting her life with anecdotes, stories, and quotations; however, he thought there was room for a few more. He advised that Librarian Mary A. Alford had provided him with a few quotations from Lady Bird Johnson that he wished to read this evening as follows:

The first lady is, and always has been, an unpaid public servant elected by one person, her husband.

The clash of ideas is the sound of freedom.

No news at 4:30 a.m. is good.

Every politician should have been born an orphan and remain a bachelor.

Any committee is only as good as the most knowledgeable, determined and vigorous person on it. There must be somebody who provides the flame.

Art is the window to a man’s soul. Without it, he would never be able to see beyond his immediate world; nor could the world see the man within.

Perhaps no place in any community is so totally democratic as the town library. The only entrance requirement is interest.

C. PLEDGES TO THE FLAGS – Councilman John F. Monday.

1. U.S. PLEDGE OF ALLEGIANCE.

2. PLEDGE TO THE TEXAS FLAG.

Councilman John F. Monday led the audience and City Council in the U.S. Pledge of Allegiance and the Pledge to the Texas Flag.

D. APPROVAL OR CORRECTION OF MINUTES:

1. APPROVAL of minutes of the Special Session (Executive Session) and Regular Session of the City Council of the
City of Bellaire, Texas, held Monday, July 2, 2007 – 
Action by Members of City Council (Item submitted by 
City Clerk Tracy L. Dutton).

MOTION TO APPROVE MINUTES:

A motion was made by Councilman Pat McLaughlan and 
seconded by Councilman John F. Monday to approve the 
minutes of the Special Session (Execution Session) and 
Regular Session of the City Council of the City of Bellaire, 
Texas, held Monday, July 2, 2007.

CORRECTION:

Councilman Will Hickman advised that a correction needed 
to be made on page 3, line 146. He advised that the word 
“tax” should be changed to “the weekend events.”

VOTE ON MOTION TO APPROVE MINUTES, AS 
CORRECTED:

Motion carried on a majority vote of 5-0-1 as follows:

FOR: Siegel, Cindy  
Hickman, Will  
Monday, John F.  
Faulk, Peggy  
McLaughlan, Pat

OPPOSED: None

ABSENT: Davison, Debra Marz

ABSTAIN: Jeffery, John*

*Councilman John Jeffery abstained from voting on the minutes 
of the Special Session (Executive Session) and Regular Session 
of the Bellaire City Council held Monday, July 2, 2007, due to 
his absence from those sessions.

2. APPROVAL of minutes of the Special Session (Executive 
Session) of the City Council of the City of Bellaire, Texas, 
held Monday, July 9, 2007 – Action by Members of City 
Council (Item submitted by City Clerk Tracy L. Dutton).
MOTION TO APPROVE MINUTES:

A motion was made by Mayor Pro Tem Peggy Faulk and seconded by Councilman Pat McLaughlan to approve the minutes of the Special Session (Executive Session) of the City Council of the City of Bellaire, Texas, held Monday, July 9, 2007.

VOTE ON MOTION TO APPROVE MINUTES:

Motion carried unanimously on a 6-0 vote as follows:

FOR: Siegel, Cindy
     Hickman, Will
     Monday, John F.
     Faulk, Peggy
     McLaughlan, Pat
     Jeffery, John

OPPOSED: None

ABSENT: Davison, Debra Marz

E. PERSONAL/AUDIENCE COMMENTS:

Lynn McBee, 5314 Evergreen Street, Bellaire, Texas:

Ms. McBee addressed City Council regarding three items. Firstly, she advised that she wished to go on record as being very disappointed in the majority City Council decision not to appeal the recent zoning case brought by residents related to a denial of a variance for a swimming pool on a side setback. She understood the reasons that were given by the Mayor and she understood that City Council received advice from the attorney that the City hired to represent the Board of Adjustment and City in this matter.

Ms. McBee stated further that she had read both opinions from the District Court and the Appellate Court in the City of Piney Point case, and she did not think the Houston judges had a clue with respect to the issue of zoning. The judges had not, in her opinion, demonstrated any expertise or competence in either of the rulings. She was disappointed that the City of Bellaire allowed poor decisions to rule its decision not to appeal.

This decision by City Council left Bellaire’s Zoning Code dramatically weakened such that anyone could come along, go to a Houston judge, and have a good chance of receiving a favorable opinion. Ms. McBee
felt that City Council should appeal the ruling to the Supreme Court in protection of the integrity of the City’s Zoning Code.

Secondly, there was an item on City Council’s agenda this evening related to a request from the Bellaire Soccer Club to hold an auction from 4:00 p.m. on a Friday until 1:00 a.m. on a Saturday, September 21-22, 2007. The Bellaire Soccer Club had asked the City to drop and waive its prohibition on alcohol. Historically, the City had done this from time to time for a few hours in the evening for fundraising purposes. Ms. McBee felt that this was pushing the limit and that it was absurd to have a fundraising event in City Hall that would benefit youngsters, while serving beer, wine, and margaritas in order to do so. She suggested that the Mothers Against Drunk Driving ought to be picketing City Hall, and that if City Council approved the request, there would be a line around the block from other organizations asking to do the same thing. She urged City Council to stand up for principles in this instance.

Finally, in addition to Councilman Monday’s fine recognition of Lady Bird Johnson, she wanted to mention that Bellaire had lost a fine citizen as well in Max McRae. She advised that Max McRae had been a fine firefighter for many years for the City of Houston. He was a consultant, an educator, an innovator, and a person of incredible integrity and honesty. Ms. McBee noted that she had known him for many years and enjoyed his wit and humor. She hoped City Council would join her in recognizing that loss.

Mayor Siegel echoed Ms. McBee’s comments regarding Max McRae and advised that our prayers and thoughts were with Pauline McRae and her family.

She next requested to move an agenda item forward at this point in the meeting with City Council’s concurrence. After noting no objection, Mayor Siegel advised that agenda item G. 1. b. would be considered at this time.

G. NEW BUSINESS:

2. ADOPTION OF ORDINANCES:

b. CONSIDERATION of and possible action on the adoption of an ordinance appointing Randy Smith as Associate Judge of the Municipal Court for the City of Bellaire, Texas, for a term of approximately six months commencing on the 16th day of July, 2007, and expiring on the 31st day of December, 2007 – Action by Members of City Council (Item submitted by City Manager Bernard M.
SUMMARY:

Mayor Cindy Siegel advised that the City had received a request for a six-month leave of absence by Judge Bill Berryhill in order to address some personal issues. The agenda item before City Council this evening allowed for the temporary appointment of an Associate Judge for that time period. She advised that the recommended appointee, Randy Smith, was in the audience and available to answer any questions. Mr. Smith currently served as Presiding Judge of the Spring Valley and Hilshire Village Municipal Courts. Bellaire Judge Lisa A. Wesely was also in the audience and available to answer questions as well.

MOTION TO ADOPT ORDINANCE:

A motion was made by Mayor Pro Tem Peggy Faulk and seconded by Councilman Pat McLaughlan to adopt an ordinance appointing Randy Smith as Associate Judge of the Municipal Court for the City of Bellaire, Texas, for a term of approximately six months commencing on the 16th day of July, 2007, and expiring on the 31st day of December, 2007.

QUESTIONS/COMMENTS FROM CITY COUNCIL:

{Legend:  A – Answer;  C – Comment;  Q – Question;  R – Response}

Councilman Will Hickman

Q: Councilman Hickman inquired as to how the City of Spring Valley compared to the City of Bellaire in terms of crime, population, dockets, etc.

A: Randy Smith advised that since he had never done a docket in the City of Bellaire, he could not provide a comparison. However, Spring Valley was probably about 1/3 of the size of Bellaire. His Municipal Court encompassed Spring Valley and Hilshire Village (i.e., the north side of Interstate 10). There was very little crime in the
area and even less so since the freeway was under construction.

He noted that Spring Valley had five to six dockets per month. The arraignment docket averaged about 100 and there were three of those per month, as well as two trial dockets. He was also called out four to five times per week after hours to arraign someone or set a bond.

Q: Councilman Hickman inquired as to whether Mr. Smith would remain as Presiding Judge of Spring Valley and Hilshire Village and still be able to serve in Bellaire.

A: Mr. Smith indicated that he was allowed to do so under the Municipal Code. Municipal Judges could literally serve five or six different cities. He noted that Bellaire’s Prosecutor, Bob Richter, served as Prosecutor for Spring Valley and Hilshire Village. Mr. Richter was also a Judge in two other locations.

Q: Councilman Hickman inquired as to whether Mr. Smith might encounter any time conflicts. In other words, would he be able to juggle all of those?

A: Mr. Smith advised that he would be able to do so. He also indicated that he lived in Bellaire on Dorothy Street.

Mayor Siegel noted that Mr. Smith was an attorney and a Bellaire resident and that Bellaire Prosecutor Bob Richter and Bellaire Judge Bill Berryhill recommended Mr. Smith to City Council.

Councilman John F. Monday

Q: Councilman Monday inquired as to the procedure City Council would follow should Judge Bill Berryhill decide at the end of the six months to tend to his personal matters. In other words, what procedure would City Council follow in selecting a Judge for a permanent position? He noted that he appreciated the suggestions by Prosecutor Richter and Judge Berryhill with respect to the appointment of a temporary judge.
A: Bellaire Judge Lisa A. Wesely summarized the procedure that was followed when she was appointed as a Presiding Judge. She noted that City Council reviewed the American Bar Association list of attorneys that resided in Bellaire. The City Council identified attorneys that they thought might be interested and solicited resumes. City Council then interviewed candidates that had submitted resumes in Executive Session and later voted to make an appointment.

C: Mayor Siegel stated that she believed City Council would follow that same type of procedure if Judge Berryhill decided not to return after his leave of absence. In that case, Mr. Smith would be able to provide a resume for consideration at that time.

Councilman Pat McLaughlan

Q: Councilman McLaughlan thanked Mr. Smith for being present this evening. He wanted to ensure that the appointment was considered a “temporary” appointment such that if Judge Berryhill desired to return to the bench, he could do so.

If and when a permanent appointment might arise, Councilman McLaughlan wanted to ensure that an open process was followed such that City Council would appropriately consider a number of candidates for the permanent appointment.

C: Mayor Siegel agreed and stated that she believed that was the understanding of all members of City Council.

Councilman Will Hickman

C/Q: Councilman Hickman stated that he wished to propose making the appointment the sooner of the 4th day of March 2009, when the Judges’ terms expired, or when Judge Berryhill expressed a desire to return to the bench. This would ensure that terms of both Judges would expire at the same time. He inquired as to whether that was possible.
A: City Attorney Alan P. Petrov advised that the appointment could be extended. He stated that should Judge Berryhill decide to return sooner than March of 2009, he was not sure how that would be formally documented. After thinking about it, City Attorney Petrov stated that he did not see anything wrong with the suggestion that Councilman Hickman had made.

One of the ideas behind the appointment was to have an Associate Judge to help both Presiding Judges with respect to vacation situations, illnesses, etc.

R: Mr. Smith stated that he personally considered the Court to be Judge Berryhill’s. He was just helping out at this stage.

C: City Attorney Petrov stated that the appointment was currently for a six-month period, but could be extended to 2009. While Judge Berryhill was on his leave of absence, the Associate Judge was entitled to the monthly stipend plus a per docket fee. Should Judge Berryhill return before the completion of the six-month period, the Associate Judge would still be available to serve, when needed, and would receive a per docket rate of pay, but not the monthly stipend.

If the City wanted to accomplish the suggestion by Councilman Hickman, City Attorney Petrov suggested changing the December 2007 date to March 2009.

AMENDMENT (NO. 1) TO MOTION TO ADOPT ORDINANCE:

An amendment (no. 1) was made by Councilman Will Hickman and seconded by Mayor Pro Tem Peggy Faulk to change the expiration date of the term of appointment from the 31st day of December, 2007, to the 4th day of March, 2009.
QUESTIONS/COMMENTS FROM CITY COUNCIL (CONT.):

{Legend:  A – Answer; C – Comment; Q – Question; R – Response}

Councilman Pat McLaughlan

C: Councilman McLaughlan stated that he was surprised at the approach City Council was taking by pushing this off until March of 2009 rather than readdressing the situation in six months. Judge Berryhill had asked for a six-month leave of absence. The only issue City Council had was to appoint Mr. Smith in a capacity to fill in during Judge Berryhill’s absence.

If City Council were going to appoint an Associate Judge for a longer period of time than six months, then Councilman McLaughlan wished to go through a selection process as Judge Wesely had outlined. For that reason, he would not support the amendment.

Mayor Cindy Siegel

Q: Mayor Siegel advised that she was looking at Judge Berryhill’s letter and it did not express the term of his leave of absence.

A: City Clerk Tracy L. Dutton advised that City Staff had suggested the six-month term as the City was not sure how long Judge Berryhill wished to remain on leave.

Councilman John F. Monday

C: Councilman Monday advised that what the City was trying to do was accommodate Judge Berryhill and the citizens with a temporary appointment. He felt that extending the term to 2009 changed the light of the issue to something beyond “temporary.” He, too, would like the opportunity to meet candidates, which would include Mr. Smith.

R: Mr. Smith advised that he had no problem with that whatsoever.
Mayor Cindy Siegel

Q: Mayor Siegel asked if City Manager Bernard M. Satterwhite, Jr., or Judge Lisa A. Wesely had talked with Judge Berryhill and if they had an idea as to how long the leave might be.

A: Judge Wesely advised that she had not had an opportunity to speak with Judge Berryhill about his leave. Things were happening very quickly for him and his family now. The current ordinance would give everyone an opportunity to see what the situation was in six months.

Judge Wesely thought that the way in which the ordinance was drafted was clear to her that if Judge Berryhill decided to come back, the City would be ready as well. It would be up to City Council as to whether the appointment should be made for a longer period of time.

She closed by stating that what had been done with the agenda item was to take care of Judge Berryhill’s request.

A: City Manager Satterwhite noted that Judge Berryhill and Prosecutor Richter had both approached him before this formal request for a leave of absence was made. At that time, the request was for an Associate Judge to fill in for temporary periods of time, especially this summer when either Judge Wesely and/or Judge Berryhill could not be there due to his situation. This had been planned even before the City received the formal letter requesting a leave of absence. City Staff selected “six months” to indicate the temporary nature of the request.

Councilman Will Hickman

C: Councilman Hickman clarified that his motion had nothing to do with replacing Judge Berryhill. It was appointing a “permanent substitute teacher” who filled in when the other two “teachers” were not available. Or, in this case, a “permanent substitute Judge” who filled in during absences. Since the City had an absence now, this needed to be done as soon as possible. He
proposed the timing so that all of the judges would be on the same sequence.

He agreed that he would certainly like to see a full interview process for a permanent position similar to the process City Council followed in appointing members to boards, commissions, and committees.

**Councilman Pat McLaughlan**

C: **Councilman McLaughlan** stated that as he understood the amendment, Judge Smith would be appointed as an Associate Judge until March of 2009.

R: **Councilman Hickman** stated that this was correct. The appointment was for an “Associate Judge,” not a “Presiding Judge.”

C: **Councilman McLaughlan** advised that this might be a good idea, but he wished to get to know Judge Smith better before supporting an appointment for that length of time.

**Councilman Will Hickman**

Q: **Councilman Hickman** inquired as to whether there was a procedure to remove a judge in the middle of a term.

A: **City Attorney Petrov** stated that there was a procedure “for cause.”

**VOTE ON AMENDMENT (NO. 1) TO MOTION TO ADOPT ORDINANCE:**

Motion failed on a 2-4 vote as follows:

**FOR:**  Hickman, Will  
Faulk, Peggy

**OPPOSED:**  Siegel, Cindy  
Monday, John F.  
McLaughlan, Pat  
Jeffery, John

**ABSENT:**  Davison, Debra Marz
VOTE ON ORIGINAL MOTION TO ADOPT ORDINANCE:

FOR: Siegel, Cindy
     Hickman, Will
     Monday, John F.
     Faulk, Peggy
     McLaughian, Pat
     Jeffery, John

OPPOSED: None

ABSENT: Davison, Debra Marz

{Ordinance was subsequently numbered: 07-044}

At this point in the meeting, City Council considered the remainder of the agenda in the order in which it was written.

F. REPORTS:

1. CITY MANAGER’S REPORT – City Manager Bernard M. Satterwhite, Jr.

City Manager Bernard M. Satterwhite, Jr., presented the City Manager’s Report to City Council. The report included Mission Areas (Residential Quality of Life), Indicators, Current Issues/Information, and Upcoming City Council Meetings/Events.

MISSION AREA:

Residential Quality of Life

With respect to “Residential Quality of Life,” City Manager Satterwhite noted that the American Red Cross had recently conducted an audit of the City’s pool. The audits were always unannounced. The areas evaluated during this audit were a drowning scenario, a head and neck injury in the water, CPR scenario, and general lifeguard operations, including proper uniforms, surveillance practices, rotation procedures, etc. The lifeguards did not know that they were being audited until after the audit was completed.

The American Red Cross also conducted a facility evaluation. This included availability of adequate rescue and safety equipment, signage, clarity of water, depth
markings, and documentation (i.e., operational procedures, proper posting of emergency numbers, certification of training records on file and available for review, and daily logs).

City Manager Satterwhite advised that the City of Bellaire passed satisfactorily in all areas and that the inspectors were very impressed with Bellaire’s operations.

Boards, Commissions, and Committees

City Manager Satterwhite indicated that the City wanted to set aside a time for training of the new members recently appointed to City Boards, Commissions, and Committees. City Staff was considering scheduling the training on a Saturday in August. Open Meetings Act and Open Records Act training would be included as well.

CURRENT ISSUES/INFORMATION:

It was noted that there would a gap of three weeks between the current meeting and the next meeting of City Council. Issues to be considered during the month of August included the presentation of a plan for the Trolley Pavilion, the presentation of a plan for the Aquatics Facility parking and enhanced pedestrian safety for crossing South Rice Avenue, and approval of a bond calendar, Preliminary Official Statement, and sale.

UPCOMING CITY COUNCIL MEETINGS/EVENTS:

<table>
<thead>
<tr>
<th>Date</th>
<th>Time</th>
<th>Type of Meeting</th>
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<tbody>
<tr>
<td>07/17/2007</td>
<td>5:00 p.m.</td>
<td>Strategic Planning and Development Committee</td>
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<tr>
<td>07/17/2007</td>
<td>7:00 p.m.</td>
<td>Workshop Session on Budget, if needed</td>
</tr>
<tr>
<td>07/18/2007</td>
<td>6:30 p.m.</td>
<td>Facilities Committee</td>
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<tr>
<td>07/30/2007</td>
<td>6:00 p.m.</td>
<td>Centennial Planning Committee</td>
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<tr>
<td>08/20/2007</td>
<td>6:00 p.m.</td>
<td>Budget Public Hearing</td>
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<tr>
<td>08/20/2007</td>
<td>7:00 p.m.</td>
<td>Regular Session</td>
</tr>
<tr>
<td>08/21/2007</td>
<td>7:00 p.m.</td>
<td>Workshop/Special Session on Budget</td>
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</tbody>
</table>
QUESTIONS/COMMENTS FROM CITY COUNCIL:

{Legend: A – Answer; C – Comment; Q – Question R – Response;}

Mayor Pro Tem Peggy Faulk

Q: Mayor Pro Tem Faulk noted that over the weekend some graffiti had been painted at Evergreen Pool. She inquired as to whether there were any other damages.

A: City Manager Satterwhite stated that he was unaware of the graffiti.

Q: Mayor Pro Tem Faulk advised that it was her understanding that Evergreen Pool was shut down because of it, and she wondered if anything else had happened.

A: Director of Parks & Recreation Jane L. Dembski advised that someone had broken into the office at Evergreen Pool. Some money was stolen and graffiti in the form of vulgar language written in the area. The pool was closed so that the graffiti could be cleaned up.

Q: Mayor Pro Tem Faulk referred to the fence on Pin Oak Lane and the fact that the homeowner had received a permit to move the fence back from the right-of-way. She inquired as to whether City Manager Satterwhite knew when the fence would be moved.

A: City Manager Satterwhite stated that the homeowner was still challenging the fact that the property was the City’s right-of-way. City Staff and the City Attorney had agreed to meet with the homeowner. That meeting was scheduled for this week and the homeowner would have an opportunity to present any information they had at that time.

Mayor Cindy Siegel

Q: Mayor Siegel referred to Evergreen Pool and the fact that there was a higher usage of that pool because Bellaire Pool had been closed. She
noted that the clarity of Evergreen Pool had been a concern in years past and inquired as to whether it had been a problem this season as a result of the additional usage.

A: City Manager Satterwhite stated that he did not believe that the usage was up that much this year. During the times that the pool was heavily used, the clarity went down some.

Q: Mayor Siegel asked if clarity of the water was an issue during the Red Cross audit.

A: City Manager Satterwhite stated that it did not come up. He added that every time the City checked the clarity, it more than met applicable standards.

**MOTION TO ACCEPT THE CITY MANAGER’S REPORT INTO THE RECORD:**

A motion was made by Councilman Pat McLaughlan and seconded by Councilman John F. Monday to accept the City Manager’s Report as presented by City Manager Bernard M. Satterwhite, Jr., into the record.

**VOTE ON MOTION TO ACCEPT THE CITY MANAGER’S REPORT INTO THE RECORD:**

Motion carried unanimously on a 6-0 vote as follows:

**FOR:** Siegel, Cindy  
Hickman, Will  
Monday, John F.  
Faulk, Peggy  
McLaughlan, Pat  
Jeffery, John

**OPPOSED:** None

**ABSENT:** Davison, Debra Marz

2. **REPORT, PRESENTATION, and possible action regarding the approval of a logo to be utilized for Bellaire’s Centennial Celebration – Mayor Cindy**
Mayor Cindy Siegel noted that suggested logos for the Bellaire Centennial Celebration had been included in City Council’s packet. Since she was not present at the last meeting of the Centennial Planning Committee, she turned the presentation over to Councilman Will Hickman who had presided at that meeting.

Councilman Will Hickman advised that during the Centennial Planning Committee meeting, Chair Cindy Cozewith of the Bellaire Arts Commission presented 12 designs for consideration. A jury selection process was conducted and four finalists emerged. The four finalists were included in City Council’s packet. He noted that there were a few clear favorites and third place tie breaker, but he did not want to tell City Council the results of that jury process at this time.

He noted further that these designs were preliminary and if City Council wanted to make any changes, those changes could be made (i.e., colors, removing or adding text, etc.).

Mayor Siegel advised that members of the Bellaire Arts Commission made the designs. She noted that the Centennial Planning Committee wanted to see a logo approved so that it could be used in advertisements and for promotional items.

Councilman John Jeffery referred to a rectangular design that was shown in four different color schemes and inquired as to whether the thought was to use all four color schemes as banners to be installed on light poles down one or more of the City’s major thoroughfares.

Member Kathryn Hardin, Bellaire Arts Commission, advised that the design Councilman Jeffery referred to could be used as a banner in any color combination that City Council desired. She also displayed the design in black and white.

Councilman John F. Monday noted that there had been some talk about using the logo on items such as hats, mugs, pens, etc. He inquired as to whether the
Member Hardin advised that a four-color process would absolutely cost more to reproduce. She suggested that there were two things that City Council should consider in selecting a logo beyond personal like and theme. One was that it had to work in black and white as there would be inevitable uses for the logo that would require black and white print. The logo also had to be reducible to a small size, such as letterhead size.

Member Hardin had reduced some of the designs that were available to her and showed those to City Council at this point in the meeting. She also showed City Council that the colors could be reversed and that the designs would work as a postage stamp.

Councilman Pat McLaughlan stated that a few of the copies in his packet had the text “City of Homes” scratched out. He stated that he had always looked upon Bellaire as a “City of Homes” and knew that the terminology had been used in several other areas. He was disappointed and dismayed to see that a reference to “City of Homes” had been deleted. He inquired as to the reason for this.

Councilman Hickman stated that he believed that the artwork was recycled from the Centennial Planning Committee meeting and that whoever had that particular copy had probably marked it up.

Chair Cindy Cozewith, Bellaire Arts Commission, advised that Councilman Hickman was correct. The text should not have been scratched out.

Mayor Pro Tem Peggy Faulk referred to the tree design and inquired as to how it would look with a more vibrant color scheme, such as the colors used on the trolley design. In other words, would the design be destroyed artistically if more vibrant colors were used?

Chair Cozewith stated that the design would not be destroyed artistically. She suggested that it would probably look better with more vibrant colors. She noted also that if the tree design (which was circular) was worked into a banner, then the City Council might want to pick a background color as well.
Councilman Jeffery inquired as to what City Council should do procedurally to select one of the logo designs.

Mayor Siegel suggested that City Council get a motion to approve one of the designs of City Council’s choosing, accept the Centennial Planning Committee’s choice, or select one of the four with color and/or text changes. Mayor Siegel noted that the promotional items might be able to be used beyond the Centennial if City Council chose a logo that was not tied to just the “Centennial,” such as the tree or omit the wording from some of the other designs.

Councilman Jeffery asked if the Bellaire Arts Commission selected one of the designs as their “favorite.”

Chair Cozewith stated that the Bellaire Arts Commission did not select a design.

**MOTION TO APPROVE A LOGO DESIGN:**

A motion was made by Mayor Pro Tem Peggy Faulk to select the tree design, but change the colors to a more vibrant color scheme.

Motion failed due to lack of a second.

Mayor Siegel suggested that City Council consider selecting a design in a manner similar to that used to select members for City boards. She asked that everyone vote for the design that they liked the best.

Councilman Jeffery stated that he felt that it was important for Councilman Hickman to disclose the selection made by the Centennial Planning Committee.

Councilman Hickman advised that the clear favorite of the Centennial Planning Committee was the trolley with a blue sky (or top portion) and red bottom portion.

Each member of City Council voted for the design that they liked the best. Mayor Siegel read the votes as follows:

Councilman John Jeffery voted for the trolley design, but did not specify a color scheme.
Councilman Pat McLaughlan voted for the trolley design with a blue sky and red grass and a cardinal.

Councilman John F. Monday voted for the trolley design with the text “City of Homes” added.

Mayor Cindy Siegel voted for the trolley design with blue sky and green grass.

Mayor Pro Tem Peggy Faulk voted for the trolley design with blue sky and green grass.

Councilman Will Hickman voted for the trolley design with blue sky and red grass.

Mayor Siegel suggested that the City Council consider a motion approving the trolley design and sending it back to the Centennial Planning Committee to work with the Bellaire Arts Commission on the details.

**MOTION TO APPROVE A LOGO DESIGN:**

A motion was made by Councilman John Jeffery and seconded by Mayor Pro Tem Peggy Faulk to approve the trolley design to be utilized for a logo for Bellaire’s Centennial Celebration, the details of which would be worked out by the Centennial Planning Committee.

**VOTE ON MOTION TO APPROVE A LOGO DESIGN:**

Motion carried unanimously on a 6-0 vote as follows:

**FOR:** Siegel, Cindy  
Hickman, Will  
Monday, John F.  
Faulk, Peggy  
McLaughlan, Pat  
Jeffery, John

**OPPOSED:** None

**ABSENT:** Davison, Debra Marz

Chair Cozewith asked City Council if there was a consensus to add “City of Homes” to the design.
Discussion ensued among members of City Council as to whether adding text would make the design appear “too busy.” Discussion also centered on whether or not “Centennial” should be included and/or the years “1908-2008” to allow for the logo to be used in later years.

Chair Cozewith stated that a consideration to be made was whether or not the City wanted the design to work for the future beyond the Centennial. In other words, whether the emphasis should be on the “Centennial.”

MOTION RELATED TO LOGO:

A motion was made by Councilman John Jeffery and seconded by Mayor Pro Tem Peggy Faulk that the emphasis for the logo design should be on the “Centennial” as that was what the City was celebrating.

VOTE ON MOTION RELATED TO LOGO:

Motion carried unanimously on a 6-0 vote as follows:

FOR: Siegel, Cindy
     Hickman, Will
     Monday, John F.
     Faulk, Peggy
     McLaughlan, Pat
     Jeffery, John

OPPOSED: None

ABSENT: Davison, Debra Marz

G. NEW BUSINESS:

1. CONSENT AGENDA:

CONSIDERATION of and possible action on a request from the Bellaire Police Department to dispose of surplus patrol vehicles previously utilized by the Bellaire Police Department and determined to have surpassed their useful lives and/or not serviceable for use by other City departments – Action by Members of City Council (Item submitted by Chief of Police Randall C. Mack).
MOTION TO APPROVE CONSENT AGENDA:

A motion was made by Mayor Pro Tem Peggy Faulk and seconded by Councilman John Jeffery to approve the Consent Agenda dated July 16, 2007, consisting of a request from the Bellaire Police Department to dispose of surplus patrol vehicles previously utilized by the Bellaire Police Department and determined to have surpassed their useful lives and/or not serviceable for use by other City departments.

VOTE ON MOTION TO APPROVE CONSENT AGENDA:

Motion carried unanimously on a 6-0 vote as follows:

FOR: Siegel, Cindy
     Hickman, Will
     Monday, John F.
     Faulk, Peggy
     McLaughlan, Pat
     Jeffery, John

OPPOSED: None

ABSENT: Davison, Debra Marz

2. ADOPTION OF ORDINANCES:

Appointments

a. CONSIDERATION of and possible action on the adoption of an ordinance reappointing Nelva Belinda Flores as Court Clerk of the Municipal Court of the City of Bellaire, Texas, for a two-year term commencing on the 2nd day of August, 2007, and expiring on the 1st day of August, 2009; and providing that any appointments of Court Clerks of the Municipal Court of the City of Bellaire, Texas, in conflict with this reappointment are hereby terminated – Action by Members of City Council (Item submitted by City Clerk Tracy L. Dutton on behalf of City Council).

MOTION TO ADOPT ORDINANCE:

A motion was made by Mayor Pro Tem Peggy Faulk and seconded by Councilman Will Hickman to adopt an ordinance reappointing Nelva Belinda Flores as
**Court Clerk of the Municipal Court** of the City of Bellaire, Texas, **for a two-year term** commencing on the 2nd day of August, 2007, and expiring on the 1st day of August, 2009; and providing that any appointments of Court Clerks of the Municipal Court of the City of Bellaire, Texas, in conflict with this reappointment are hereby terminated.

**QUESTIONS/COMMENTS FROM CITY COUNCIL:**

{Legend: A – Answer; C – Comment; Q – Question; R – Response}

**Councilman John Jeffery**

**Q:** Councilman Jeffery noted that he assumed that Court Clerk Flores’ performance had been satisfactory and inquired as to whether this was so.

**A:** City Manager Bernard M. Satterwhite, Jr., advised that Court Clerk Flores’ performance was exemplary. She had been a breath of fresh air in the Municipal Court since she started. He noted also that she was very innovative.

**Councilman John F. Monday**

**Q:** Councilman Monday inquired as to the number of years of service that Court Clerk Flores had with the City of Bellaire.

**A:** City Manager Satterwhite advised that he believed that Court Clerk Flores had five to six years of service with the City of Bellaire.

**VOTE ON MOTION TO ADOPT ORDINANCE:**

Motion **carried** unanimously on a **6-0** vote as follows:

**FOR:**

Siegel, Cindy  
Hickman, Will  
Monday, John F.  
Faulk, Peggy  
McLaughian, Pat  
Jeffery, John

**OPPOSED:** None
ABSENT: Davison, Debra Marz

{ Ordinance was subsequently numbered: 07-043 }

b. CONSIDERATION of and possible action on the adoption of an ordinance appointing Randy Smith as Associate Judge of the Municipal Court of the City of Bellaire, Texas, for a term of approximately six months commencing on the 16th day of July, 2007, and expiring on the 31st day of December, 2007 – Action by Members of City Council (Item submitted by City Manager Bernard M. Satterwhite, Jr., on behalf of the Bellaire Municipal Court).

Note: This agenda item was considered earlier in the meeting. See pages 7-15 of these minutes for discussion and action related to this item.

c. CONSIDERATION of and possible action on the adoption of an ordinance temporarily suspending the application of Chapter 3, Alcoholic Beverages, Section 3-3, Use Prohibited in Public Parks and Other Public Places, of the Code of Ordinances of the City of Bellaire, Texas, for the purpose of allowing the Bellaire Soccer Club to hold their First Annual Auction at the Bellaire Civic Center, First Floor of City Hall, 7008 South Rice Avenue, Bellaire, Texas, on Friday, September 21, 2007, said suspension to commence at 4:00 p.m. on Friday, September 21, 2007, and to terminate at 1:00 a.m. on Saturday, September 22, 2007 – Action by Members of City Council (Item Submitted by City Clerk Tracy L. Dutton on behalf of Mayor Cindy Siegel for the Bellaire Soccer Club).

SUMMARY:

Mayor Cindy Siegel noted that the Bellaire Soccer Club forwarded this request to her and that the group wanted to hold their first fundraiser, an auction, in City Hall. The request included a suspension from 4:00 p.m. to 1:00 a.m. The actual event was scheduled to occur from 7:00 p.m. to 12:00 a.m.

Mayor Siegel noted that City Council had suspended this same ordinance in the past for The Nature Discovery Center fundraiser (also for children).
MOTION TO ADOPT ORDINANCE:

A motion was made by Councilman Pat McLaughlan and seconded by Councilman Will Hickman to adopt an ordinance temporarily suspending the application of Chapter 3, Alcoholic Beverages, Section 3-3, Use Prohibited in Public Parks and Other Public Places, of the Code of Ordinances of the City of Bellaire, Texas, for the purpose of allowing the Bellaire Soccer Club to hold their First Annual Auction at the Bellaire Civic Center, First Floor of City Hall, 7008 South Rice Avenue, Bellaire, Texas, on Friday, September 21, 2007, said suspension to commence at 4:00 p.m. on Friday, September 21, 2007, and to terminate at 1:00 a.m. on Saturday, September 22, 2007.

QUESTIONS/COMMENTS FROM CITY COUNCIL:

{Legend: A – Answer; C – Comment; Q – Question; R – Response}

Councilman Will Hickman

Q: Councilman Hickman inquired as to how long the suspensions occurred for The Nature Discovery Center fundraisers.

A: City Clerk Tracy L. Dutton advised that the Nature Discovery Center's suspensions were for similar lengths of time. This was not due to the fact that alcohol was served during the entire time of the suspension, but the fact that alcohol might be on the premises the entire time.

Councilman John F. Monday

Q: Councilman Monday referred to the fact that the City Council had repeatedly granted this suspension for The Nature Discovery Center. He inquired as to whether that set a precedent for City Council wherein any other group that came forward to do something very similar should also be granted the suspension.

A: City Attorney Alan P. Petrov stated that in a way a precedent had been set. The City actually developed a process to address temporary
suspensions of the City’s Code. He noted that Dr. Nauert (while serving on City Council) was concerned about suspending ordinances and asked that a process be developed for that purpose.

One of the stipulations in the process was that there be a benefit to the City and the residents by the suspension and not just for the organization per se. He believed that the process had been followed in this instance.

Councilman John Jeffery

Q: Councilman Jeffery inquired as whether Mayor Siegel was familiar with the Bellaire Soccer Club.

A: Mayor Siegel stated that the Bellaire Soccer Club was very much like the Bellaire Little League in that the Bellaire Soccer Club used the City’s facilities. The City’s recreational program provided soccer for children up to 10 years of age. The Bellaire Soccer Club’s program took off from there (i.e., 10 years and older).

Q: Councilman Jeffery asked if the children participating in the Bellaire Soccer Club lived in the Bellaire zip code.

A: Mayor Siegel advised that the children predominantly lived in the Bellaire zip code. There were some children that lived outside of the Bellaire zip code. She noted further that the Bellaire Soccer Club was very small as compared to the West University Place Soccer Club.

VOTE ON MOTION TO ADOPT ORDINANCE:

Motion carried unanimously on a 6-0 vote as follows:

FOR: Siegel, Cindy
     Hickman, Will
     Monday, John F.
     Faulk, Peggy
     McLaughian, Pat
     Jeffery, John

OPPOSED: None
Public Hearing

d. CONSIDERATION of and possible action on the adoption of an ordinance calling a public hearing before the City Council of the City of Bellaire, Texas, on Monday, August 20, 2007, at 6:00 p.m. in the Council Chamber, First Floor of City Hall, 7008 South Rice Avenue, Bellaire, Texas, for the purpose of hearing any and all persons desiring to be heard on or in connection with the proposed budget for the City of Bellaire, Texas, for the fiscal year beginning October 1, 2007, and ending September 30, 2008 – Action by Members of City Council (Item submitted by Assistant City Manager Diane K. White).

MOTION TO ADOPT ORDINANCE:

A motion was made by Mayor Pro Tem Peggy Faulk and seconded by Councilman John Jeffery to adopt an ordinance calling a public hearing before the City Council of the City of Bellaire, Texas, on Monday, August 20, 2007, at 6:00 p.m. in the Council Chamber, First Floor of City Hall, 7008 South Rice Avenue, Bellaire, Texas, for the purpose of hearing any and all persons desiring to be heard on or in connection with the proposed budget for the City of Bellaire, Texas, for the fiscal year beginning October 1, 2007, and ending September 30, 2008.

VOTE ON MOTION TO ADOPT ORDINANCE:

Motion carried unanimously on a 6-0 vote as follows:

FOR:

Siegel, Cindy
Hickman, Will
Monday, John F.
Faulk, Peggy
McLaughlan, Pat
Jeffery, John

OPPOSED: None

ABSENT: Davison, Debra Marz
3. **BUDGET PRESENTATION:**

PRESENTATION of the proposed annual budget for the City of Bellaire, Texas, for the fiscal year beginning October 1, 2007, and ending September 30, 2008 – *City Manager Bernard M. Satterwhite, Jr.*

City Manager Bernard M. Satterwhite, Jr., presented the proposed annual budget for the City of Bellaire, Texas, for the fiscal year beginning October 1, 2007, and ending September 30, 2008.

**Budget Approval Process**

City Manager Satterwhite advised that the purpose of the presentation this evening was to present the budget that City Staff had prepared in accordance with the City Charter. The proposed budget represented City Staff’s best effort to state the needs of each department, as well as capital needs, and to continue to meet the expectations of City Council and the citizens regarding service, efficiency, and stewardship. It was hoped that the presentation could be completed this evening with an allowance of time for questions, comments, and clarifications. This meeting would not be the last discussion on the subject.

The proposed budget would be submitted to the City Clerk later in the week. City Council and citizens would have other opportunities to express concerns or offer suggestions regarding the budget. He noted further that Tuesday evening had been scheduled to complete the presentation process, if necessary. City Council would have five weeks to look over what had been presented and to ask questions or make comments. The public had the same time to look over the proposed budget and to provide comments at the public hearing in August.

**Budget Calendar**

City Manager Satterwhite presented the budget calendar to City Council as follows:
Date | Activity
--- | ---
July 16 and 17 | Presentation of Proposed Budget
July 20 | Submittal of Proposed Budget to City Clerk
August 20 | Budget Public Hearing
August 21 | Special Session to Discuss/Debate Public Comment and to Discuss/Debate Individual Budget Items
August 22 to September 6 | Incorporate Changes to Budget as Necessary
September 10 | Approval of Budget

**Legislative Issues**

City Manager Satterwhite noted that there had been some changes made to state law regarding budgets, specifically truth-in-taxation legislation. The State Legislature did not impose any type of revenue or appraisal caps.

One of the changes was related to tax increases. For example, if there were a tax increase involved, then the front cover of the budget would have to state that fact. Two motions would be involved in approving the budget as well. The first motion would be to approve the budget, and the second motion would be to acknowledge that the budget increased taxes.

**Budget Considerations**

The first budget consideration was to analyze where the City was with the current budget and to forecast changes to be made to achieve City Council goals and objectives. He noted that there were very few changes with respect to the budget that was adopted last year. After nine months of the budget year, the City was at 73% of expenditures. Revenues were slightly above that anticipated primarily due to special revenues (i.e., $50,000 donation to The Nature Discovery Center versus the anticipated $10,000 donation from Harris County, as well as a $50,000 grant from the Texas Parks & Wildlife Department).

Other budget considerations were noted as follows:

- City Council Goals and Objectives (Bellaire Town Square, downtown redevelopment, cost of service, sidewalks, etc.);
- Facilities Maintenance (routine and preventative, as well as project-based maintenance);
Audit Management Letter (taken into consideration to ensure that issues addressed were incorporated into the budget, such as designation of reserves);

Emergency Management;

Rebuild Bellaire Program/Bellaire Town Square;

Expectations/Service Levels:

Budget Resolution; and

Tax Base Growth.

**Tax Base**

City Manager Satterwhite advised that the initial tax rolls this year indicated that Bellaire’s total tax base was approximately $3.64 billion, with a taxable base of $2.875 billion. The cover letter that was sent with the initial tax rolls indicated that the rolls were very incomplete primarily due to the number of protests that were still outstanding.

It was noted that last year the final tax rolls were 5% lower than the initial rolls. The final tax rolls for this year were not expected until mid-September.

For purposes of preparing the proposed budget, it was noted that the taxable value for Bellaire in tax year 2006 was $2,676,813,790. The estimated taxable value for Bellaire in tax year 2007 was noted to be $2,847,849,559 or a 6.39% increase in the tax base over tax year 2006.

**Budgeting Process**

The budgeting process consisted of the use and/or implementation of the following:

- Budget Resolution for Fiscal Year 2008;
- Revenue Forecasting;
- Expectations (service levels);
- Department Needs;
- Department Deliberations between City Staff, the Budget Director (Assistant City Manager), and City Manager;
• Future Capital Improvement Program (“CIP”) and Vehicle, Equipment, and Technology (“VET”) Requirements; and
• Fine Tuning.

City Manager Satterwhite noted that 90-95% of the CIP budget was derived from previously adopted and/or approved Master Plans. The City Manager and Budget Director (Assistant City Manager) performed the fine-tuning that was necessary.

Budget Resolution

City Manager Satterwhite summarized the Budget Resolution for fiscal year 2008 as follows:

General Fund:

The General Fund tax rate shall be determined based on the effective tax rate and truth-in-taxation calculations, and budgetary requirements within the following parameters:

• Maintain a minimum fund balance of two months working capital;
• Fund future pay-as-you-go capital improvement obligations;
• Limit non-personnel operational expenditure increases to a rate not to exceed the Municipal Cost Index (MPI); and
• Provide for the employee compensation plan and associated personnel benefit costs.

Debt Service Fund:

The Debt Service Fund tax rate shall be determined based on the following requirements:

• Sufficient to pay the annual principal and interest charges of the City’s long-term debt plus associated costs; and
• To maintain a minimum fund balance of two months of working capital taking into account the annual transfer of $950,000 to Debt Service from the Enterprise Fund.

Capital Improvement Program:
• A designated amount of not less than $2,000,000 will be allocated to the comprehensive improvement reserves; and

• A designated amount of not less than $1,000,000 will be allocated to the VET reserves.

**Enterprise Fund:**

• A transfer not to exceed $950,000 from the Enterprise Fund to the Debt Service Fund representing the service of existing debt will be made.

City Manager Satterwhite advised that all of the parameters contained within the budget resolution were reflected in the proposed budget.

In preparing the proposed budget, City Staff estimated what the General Fund budget would be and took out two months working capital. The same was done for the CIP reserve and the VET reserve.

Next, the needs of the departments were determined based on their inputs. From that, a determination was made as to how much was needed to generate enough funds to meet the needs and maintain the appropriate working capital.

The amount needed to generate enough funds in the General Fund was $0.28 per $100 valuation to be allocated to the General Fund. The amount needed for the Debt Service Fund was determined to be $0.14 per $100 valuation.

The amount needed for the Debt Service Fund was $0.01 less than the previous year. The amount needed for the General Fund also represented a $0.01 decrease over the previous year. The total decrease over the previous year was $0.02.

A table delineating the budget resolution was presented to City Council as follows:

**Tax Rate of $0.42/$100 Valuation:**

- Debt Service Allocation ($0.14) $ 3,927,185
- General Fund Allocation ($0.28) 7,854,369
- CIP Reserve 2,000,000
- VET Reserve 1,000,000
General Fund Revenues $14,959,876
Less General Fund Expenditures 14,450,706
Over/Under $ 509,170

City Manager Satterwhite advised that the Municipal Cost Index (or MCI) this past year was 3.37%. Last year, the MCI was approximately 5.6%. The Employee Cost Index (or ECI), which was not part of the current parameters, was 4.6.

Further, the non-personnel expenditure increase for this budget was basically 1%. The total expenditure increase for this budget (not including the expenditures for the Centennial Celebration) was 2.07%. As an aside, the total increase in expenditures, including the Centennial Celebration, was 3.18%. City Manager Satterwhite noted that the total increase was still below the MCI.

**Fund Summaries**

City Manager Satterwhite presented a slide of revenue sources for all funds (i.e., General Fund, Debt Service Fund, and Enterprise Fund) as follows:

- Property Taxes 45%
- Water Sales 12%
- Sales Tax 8%
- Wastewater Service 8%
- Franchise Fees 5%
- Solid Waste Services 5%
- Fines 4%
- METRO 3%
- Other 3%
- Recreation Fees 3%
- Permits and Licenses 3%
- Penalty and Interest 2%

**General Fund**

With respect to revenues budgeted in the General Fund, fines had increased based on recent trends City Staff had seen with respect to fines. It was noted that public safety and grants were new items on the revenue side and had a corresponding expenditure line item somewhere within the budget. Included in the budgeted revenues was $50,000, which was anticipated for the Centennial Celebration. City Manager Satterwhite added that most of the revenues were restricted, such as court technology funds and donations.
On the expenditure side of the budget, the largest increases by percentage were in Organizational Services and in the Bellaire City Library. The increase in Organizational Services consisted of a proposal to do a pay plan review and increased costs for the General Election. The Bellaire City Library expenditures had increased in order for them to expand some of their capabilities. The Public Works Department budget had decreased slightly, and the Parks & Recreation Department had increased slightly.

In summary, the total increase in the expenditure side of the budget was 2.07%. The Centennial Celebration expenditure was included below the line as it represented a one-time operational expenditure. The total operating budget was noted to be $14.4 million or a 3.18% increase.

City Manager Satterwhite stated that revenue detail appeared on page 3 of City Council’s budget books. He noted that there was a nominal amount of growth in the revenue budget.

With respect to personnel, there were no additional personnel or reorganizations included in the proposed budget. However, City Manager Satterwhite advised that things were changing on the personnel side. He noted that he had attended numerous seminars and had done a great deal of reading regarding the public and private sectors, all of which indicated that the job market was changing.

It was becoming increasingly difficult to recruit in all areas. Bellaire had set up a ten-year pay plan in 2001, and was entering into the seventh year of that plan. Many of the employees were topped out, which was expected at this point in time. At the time the pay plan was adopted, there were compression issues at the lower pay ranges. Now, there was compression at the upper ends of the pay range.

City Manager Satterwhite indicated that the Greater Houston Metropolitan Area was growing and job opportunities were increasing. Cities, such as Sugar Land, Rosenberg, Pasadena, and Pearland, were experiencing explosive growth. Pearland and Pasadena were building new facilities and new fire stations, as was the Richmond/Rosenberg area and the Katy area.

In the past, there had been 100-150 applicants for a particular position in the Police Department. Of those applicants, 70-80 would be tested, and 20-30 would end up being qualified for the position. Recently, the City was only able to test 10 applicants, with few of those being qualified for the position.
City Manager Satterwhite pointed out that this issue was not just occurring in Bellaire. He read an excerpt from an article on the City of Lufkin as follows: *Lufkin firefighters may begin receiving pay raises in October if City Council approves a budget change for the new fiscal year giving firefighters a total of $589,000 for higher salaries, benefits, and retirement plan. The new salary raises will introduce step pay or getting a raise each year for a set number of years. Currently, firefighters only receive a raise after their first year, so that a firefighter who has five years experience receives the same pay as a firefighter with only one year of experience.*

City Manager Satterwhite noted that Bellaire had experienced that same issue prior to adoption of its pay plan seven years ago.

He continued by displaying a slide of a billboard that had been erected in Houston for the purpose of advertising/recruiting for the Dallas Police Department. He noted that there were ten of these billboards in and around Houston. The cost to Dallas of buying these billboards across the state was $22,500.

To address recruiting and retention issues, City Staff had recommended that another full compensation/classification study be performed. He hoped that the study could also include recruiting and recruiting tools that could be used to sell Bellaire as a place to be employed.

Personnel costs in the proposed budget represented 75% of expenditures. Salaries increased 2.97% and benefits increased less than 1%. City Staff was recommending a market adjustment of 2% based on the recommendations from surveys that the City had received.

With respect to benefits, the City had a goal to maintain health insurance parameters. The reason that benefits increased by a small percentage in the proposed budget was due to the fact that options had been presented to the employees that would allow them to buy more risk in their health insurance plan and thereby lower their costs.

Performance incentives had been implemented in some areas. For example, the Police Department offered incentives for certain certifications and physical fitness. City Staff wished to expand that program and included funds to do so in the proposed budget.
In closing on personnel expenditures, City Manager Satterwhite indicated that total costs represented a 3% increase.

**General Fund Detail**

City Manager Satterwhite referred City Council to page 7 of their budget books and noted that the General Fund Detail showed what was budgeted in each individual line item across all departments. The schedule also delineated the change in percentage and dollars from the previous year. He summarized several of the line items as follows:

- Tax collection and appraisal fees increased slightly, primarily on the appraisal side;
- Election services increased for fees anticipated to be incurred for the November 2007 General Election;
- Instructor payments for Parks & Recreation programs decreased slightly;
- Engineers, architects, arborists and planners fees increased, primarily for drainage plan reviews; the City intended to recoup the costs associated with drainage plan reviews on the revenue side;
- Human Resources related professionals decreased due to the fact that the Harris County Medical Examiner’s Office had decided not to bill entities for services at this time;
- Trash hauls represented a fairly robust increase due to the fact that dumpsters would be added to the City’s park areas;
- Contract labor decreased due to the shift that occurred in the previous year from temporary labor to full-time labor in some areas;
- HVAC maintenance increased as a result of the new Aquatics Facility;
- Ground maintenance, which included maintenance along Interstate Highway 610, had decreased because the previous year’s expenditures were not as large as had been anticipated;
• Pool maintenance increased and reflected the new Aquatics Facility;

• Fire range maintenance had decreased slightly, however, the City still needed to purchase ballistic blocks (four-year change-out required);

• Paving maintenance decreased due to the fact that many of the City’s streets were now newly reconstructed;

• Rental of equipment reflected a plan to shift from leased copiers to purchased copiers;

• Risk management had not changed a great deal;

• Communications had not changed a great deal (i.e., telephone, voice, data, long distance, police car communications);

• Advertising and official notifications (i.e., employment, public hearings, and non-CIP related advertisements) increased slightly;

• Special events represented the normal events, such as Holiday in the Park and Fourth of July, and did not include what the City intended to do for the Centennial Celebration;

• Travel, mileage, and vehicle allowance appeared to have decreased; however, many of these expenditures had been reallocated to training and conferences, where applicable;

• Traffic and street signs increased due to the number of signs necessary for events, temporary traffic control, and notification of public hearings;

• Electricity decreased as the wire line charges did not cost as much as anticipated;

• Fuel costs were decreased as the current year costs were less than anticipated and the mileage driven in the Public Works Department had decreased;

• Banking charges increased as the City’s depository contract had expired. The City was currently operating on a month-by-month basis, and did not expect to
receive a bid of $0 again under the competitive bidding process.

QUESTIONS/COMMENTS FROM CITY COUNCIL:

{Legend:  A – Answer; C – Comment; Q – Question; R- Response}

**Mayor Pro Tem Peggy Faulk**

**Q:** Mayor Pro Tem Faulk inquired as to whether funding had been budgeted for a review of the Comprehensive Plan.

**A:** City Manager Satterwhite advised that funding had not been budgeted for a review of the Comprehensive Plan.

**Q:** Mayor Pro Tem Faulk referred to a drainage study that had been requested by the Planning and Zoning Commission and inquired as to whether funds had been budgeted for that study. She noted that she believed the cost of the study was anticipated to be $25,000.

**A:** City Manager Satterwhite advised that funds in the amount of $15,000 had been budgeted for a drainage study.

**C:** Mayor Pro Tem Faulk noted that if the Comprehensive Plan were redone, the estimated cost was $80,000 to $100,000.

**R:** City Manager Satterwhite made note of this estimated cost.

**Councilman John F. Monday**

**C:** Councilman Monday stated that he would certainly look forward to a workshop concerning personnel. He worked in an organization with 20,000 employees and a very large Human Resources Department. He agreed that the market was changing and it was important to communicate and create value for a career rather than just a particular salary.

**R:** City Manager Satterwhite stated that Bellaire’s pay plan did present some opportunities that other cities did not provide for employees coming into the organization. He could give a prospective employee a good idea as to
their salary in five years. He was not certain that other cities could provide that same idea.

C/Q: Councilman Monday stated that he did not believe that Bellaire could continue to provide above-market increases, noting that 5% to 5-½% increases were hard to sustain. He stated that he noticed an increase of $700,000 to $800,000 in Community Development. His only observation was that he would like to see some more value and results out of the investment that had been made in the staff there and some expertise.

What Councilman Monday did not see in the report was the number of full-time, permanent employees included in the budget. He inquired as to that number and whether the City Manager worked off of a dollar perspective or an FTE and headcount perspective.

R/A: City Manager Satterwhite advised that there were 171 full-time permanent employees. The perspective used was a bit of both (dollar and headcount).

Q: Councilman Monday referred to operating supplies and divided that expenditure by the number of full-time employees ($88,500 divided by 171). The expenditure per employee was significant. He noted that he was familiar with statistics that provided a benchmark. He inquired as to whether City Manager Satterwhite operated in some of the expenditure items with benchmarks to national comparisons or other city comparisons.

A: City Manager Satterwhite stated that the expenditures were derived based on City Staff’s evaluation of their internal needs (i.e., historically, as well as in the future).

C/Q: Councilman Monday stated that there was value to be derived from looking at benchmarks. He noted that in his workplace, the organization had moved away from expensive inkjet printers and moved to consolidated multi-function machines that could be leased for very little on a monthly basis. He noted that these methods for trimming dollars certainly began to add up.

Councilman Monday next referred to total operating revenues and expenditures, which created an under-budget of $509,000. He inquired as to whether City
Staff had backed into that number or whether it was the result of all of the City’s needs.

A: City Manager Satterwhite stated that the number was backed into.

Q: Councilman Monday asked for confirmation that the $509,000 was not a true budget surplus from projected revenue to projected expenses. If that were the case, the budget needed to be tightened.

A: City Manager Satterwhite advised that Councilman Monday was correct.

C: Councilman Monday stated that to some that excess might not represent the best stewardship or management of the budget. He suggested that a footnote be added in future presentations so that it did not get miscommunicated.

Councilman Will Hickman

Q: Councilman Hickman referred to page 2 of the handout, the General Fund Summary, which reflected an increase in the overall budget (i.e., all funds), of 17% (i.e., increase from $15 million to $17.5 million). He noted that the increases presented thus far were in the range of 2% to 3%, and inquired as to the reasoning.

A: City Manager Satterwhite advised that the 3% increase he had referred to earlier in the presentation related to the operational budget. City Staff had set aside $3 million for CIP and VET. Those amounts did increase the overall budget.

Q: Councilman Hickman advised that he understood what City Manager Satterwhite had stated, but did not see a corresponding increase on the revenue side.

A: Mayor Cindy Siegel advised that the CIP came from prior years’ fund balances.

City Manager Satterwhite stated that the beginning fund balances were part of the total revenues. The $3 million came from total revenues of $19.7 million.
Q: Councilman Hickman asked for confirmation that the beginning fund balance was dropping from $4.8 million to $2.2 million.

A: City Manager Satterwhite advised that Councilman Hickman was correct. In essence, it would not drop that much because the City generally had more revenues and less expenditures than forecasted. In any case, he was drawing down or tightening the ending fund balance.

Q: Councilman Hickman asked for confirmation that City Staff was transferring from undesignated reserves to designated reserves.

A: City Manager Satterwhite advised that Councilman Hickman was correct.

Mayor Cindy Siegel

Q: Mayor Siegel asked for confirmation that the City was setting aside the monies needed and committed to the Rebuild Bellaire Program.

A: City Manager Satterwhite advised that Mayor Siegel was correct.

Councilman John Jeffery

Q: Councilman Jeffery noted that in previous years revenue from property taxes was approximately 54% of total revenues. Under the proposed budget those revenues from property taxes were at 45%. He inquired as to the reason.

A: City Manager Satterwhite stated that the 45% figure was just for the General Fund.

Mayor Cindy Siegel

Q: Mayor Siegel referred to the franchise agreement for cable television and asked when it would come up for renewal.

A: City Attorney Alan P. Petrov advised that City Council would never renew the cable television franchise agreement. State law changed and there was now a statewide cable franchise. That franchise was no longer
subject to individual municipal negotiations. He believed the amount set by state law was at 5% of receipts.

Q: **Mayor Siegel** referred to page 4 of the budget book. She noted that pool rentals and pool admissions remained the same for the proposed budget as for the current year. She inquired as to why it had remained the same and assumed that the current budget was based on the assumption that the Bellaire Pool would have been open most of the summer.

A: **City Manager Satterwhite** stated that Mayor Siegel was correct. The assumption was that the Bellaire Pool would have been open most of the year. Admission and rental fees were estimated based on the calculations performed in the current year.

Q: **Mayor Siegel** referred to Interstate 610 maintenance and noted that the proposed budget included a reduction in that line item. She expressed concern regarding complaints she had received about trash along Interstate 610 and wanted to ensure that the City had budgeted enough to keep it clean.

A: **City Manager Satterwhite** stated that he would look into it.

Q: **Mayor Siegel** referred to page 9 of the budget book and the line item for senior activities. She asked for the reason for the reduction in that particular line item. For example, were the seniors taking fewer trips?

A: **City Manager Satterwhite** advised that the figure came from the Bellaire L.I.F.E. Coordinator. He stated that he would look at the background information, but that nothing was being taken away from the group.

Q: **Mayor Siegel** referred to the fuel budget and inquired as to whether the City was locked into a contract. If so, she wondered if the amount budgeted would carry the City through the next year.

A: **City Manager Satterwhite** advised that the City was locked into a contract and the amount budgeted should be sufficient.
Budget Presentation (Continued)

City Manager Satterwhite continued the budget presentation with a summary of department needs and/or issues.

Department Summaries

Community Development Department

It was noted that the Community Development Department was fully staffed and that the City wished to maintain that staffing level. Document control needed to be improved and was underway. The proposed budget included document imaging equipment, online services, and archival needs.

Finance Department

The finance software integration was continuing and included in the proposed budget. Credit cards were now accepted in the Parks & Recreation Department. Water rates and winter averaging were implemented in 2007. A new depository contract would be coming up in late 2007 or early 2008. There were slightly increased audit fees. Online credit card payments were under consideration for the Utility Billing Department. Finally, payroll processing fees would increase in the coming year by 7.2%.

Fire Department

It was noted that training and overtime were increased for the Fire Department in the proposed budget, as well as technology improvements. In addition, there was one equipment acquisition in the proposed budget to replace the cascade vehicle.

Police Department

With respect to the Police Department, it was noted that the City wanted to keep the good people that were on board and find ways to enhance recruitment. Funds were included in the proposed budget for improved disaster response and recovery capabilities, as well as video evidence collection capabilities.

Library

The Bellaire City Library had a consistent increase in utilization and circulation this past year. There were some items in the Library’s budget to help expand their capabilities and for
renovations. It was noted also that the Library currently had a vacancy for Children's Librarian.

**Public Works Department**

Temporary labor in the proposed budget was programmed on a man-hour basis rather than a position basis. In addition, mileage had been decreased to reflect actual use (which helped on the fuel and vehicle maintenance side as well). Ground maintenance had been reduced to better reflect actual costs. City Manager Satterwhite noted that Mayor Siegel had expressed a concern with this particular decrease due to the number of complaints she received related to trash along Interstate Highway 610. He advised that City Staff would look into that line item again.

In summary, there were no major line item changes in the Public Works Department budget. He noted that the proposed budget did include a major water plant repair contingency in the Capital Improvement Program, which he would address in detail later in the presentation.

**Organizational Services**

Included in the Organizational Services budget were increased funding for the General Election, funding for a Pay Plan review, and continued improvement of public information capabilities. He advised that facilities management had been separated out of the Organizational Services budget. Previously, facilities management had been budgeted as a part of the Parks & Recreation Department budget.

**Parks & Recreation Department**

The proposed budget included funding for the Aquatics Facility, Parks Master Plan, and continued development of Bellaire Town Square.

**Facilities Management**

City Manager Satterwhite advised that included as part of Facilities Management was improvement of fiscal stewardship of building maintenance contracts, close monitoring and control of contracts, implementation of a facility master plan, and development and implementation of a facility maintenance and improvement plan.
QUESTIONS/COMMENTS FROM CITY COUNCIL:

{Legend: A – Answer; C – Comment; Q – Question; R- Response}

Mayor Cindy Siegel

Q: Mayor Siegel referred to the fact that facilities maintenance had been a major goal for the current year. She inquired as to whether City Staff felt that the City was reaching a point of stabilization. In other words, had the City reached the point of ongoing maintenance or were there still catch up items to be addressed.

A: City Manager Satterwhite indicated that there were some catch up projects to be addressed. Some of the projects had been deferred pending the outcome of the facilities study.

Councilman Pat McLaughlan

Q: Councilman McLaughlan referred to the video monitoring system that was part of the City Hall Complex. He noted that he believed that system had been inoperable for some time. He inquired as to whether there was a need to reactivate the video monitoring system and, if so, where that was shown in the proposed budget.

A: City Manager Satterwhite stated that there might be a need to upgrade the City’s security, but he did not know if that system would fulfill the need. He understood that the City had not monitored that system very well when it was operable. He advised that he had not really considered it in the proposed budget, but would look into it.

Centennial Budget

With respect to the Centennial Celebration budget, City Manager Satterwhite advised that City Staff presented a budget to the Centennial Planning Committee (“Committee”) based on the events discussed in previous meetings of that Committee.

Some of the events were already budgeted for in the City’s operational budget. The Centennial Celebration budget showed the increase to the current operating budget that City Staff thought would be needed in 2008 in order to have the
recommended events. Some of the events had corresponding revenue items associated with them.

City Manager Satterwhite briefly went over the budget as follows:

Promotional items under consideration consisted of utility bill inserts, calendars showcasing the Centennial to be mailed to all Bellaire households, Memorial Wall/History Walk, and Penny Crusher.

**Councilman Hickman** advised that the Committee had discussed either a Memorial Wall or a History Walk and was not sure which possibility would be followed through. The Penny Crusher was just like the one you might see at the Museum of Natural History. A penny and a fee of fifty cents could be inserted into the Penny Crusher and a penny with the Bellaire logo or other design would be "crushed" into the penny.

The idea for almost all of the Centennial Celebration promotional items and events was that the items and events would be self-funding with other revenue sources, such as entrance fees for those in attendance.

**Councilman Jeffery** inquired as to whether the Committee had considered painting one of the City’s water towers to promote the Centennial.

**Councilman Hickman** did not recall the Committee discussing painting one of the water towers, but advised that it could be discussed at a future meeting.

**Mayor Siegel** stated that many of the promotional items/events had not been fully fleshed out. The Committee wanted to hold an event each month during 2008. Some of the events were already scheduled, such as Holiday in the Park and Fourth of July. There might be other events on the list that the City could not get sponsors for. Those events might fall by the wayside.

**City Manager Satterwhite** indicated that the Committee had discussed getting a Promotional/Events Coordinator to handle the Centennial Celebration during 2008. City Staff would still do most of the work for the Holiday in the Park and Fourth of July events. A range of $30,000 to $54,000 was given to the City for the possible cost of a Promotional/Events Coordinator. The Committee felt that utilizing such a person would be worthwhile.
There were also plans for a movie to be made at an estimated cost of $25,000. Some of the cost for the movie would be recouped through sales.

**Mayor Siegel** noted that the costs in the proposed budget were “upfront” costs. The Centennial Celebration would actually cover two fiscal years, so the associated revenue for some of the promotional items/events would not be seen until 2009.

**City Manager Satterwhite** stated that the total budget for the Centennial Celebration was $156,625.

**Councilman Hickman** asked if City Manager Satterwhite might have a ballpark figure for painting one of the water towers and whether or not there were any plans in the coming year to repaint one of the towers.

**City Manager Satterwhite** stated that there were no plans in place to paint either of the water towers. He believed that the cost to paint the tower to showcase the Bellaire baseball teams was approximately $5,000.

**General Fund Expenditure Categories**

City Manager Satterwhite showed a slide depicting the General Fund expenditure categories. It was noted that salaries represented 75% of the total expenditures. Other categories were Maintenance, Professional Services, Contractual Services, Materials and Supplies, and Financial Services.

**General Fund Revenue Categories**

Approximately 53% of General Fund revenues were derived from property taxes. Other revenue categories were noted as follows: Franchise Fees, Sales Tax, Permits and Licenses, Fines, Recreation Fees, and Other.

**General Fund Category of Expenditures**

It was noted that Public Safety represented almost one-half of the City’s total General Fund expenditures. Other categories were Community Development, Recreation and Culture, and Administration.
Enterprise Fund

The proposed budget for the Enterprise Fund did reflect a full year of new water rates. There was also a commitment to the Debt Service Fund transfer. There were no new water system improvement projects in the proposed budget, although there were a few wastewater improvement projects. Funding had been included to analyze the water system to determine the optimum component needs.

Enterprise Fund Summary

Water sales were anticipated to be approximately $3 million, and the total anticipated revenue in the Enterprise Fund was $6.7 million.

The largest expense in the Enterprise Fund was surface water (i.e., City of Houston water plus groundwater credits). The proposed budget included a 19.4% increase based on the new Houston water rates, which would begin in September of 2007. The total increase in expenses in the Enterprise Fund was noted to be 2.9%.

Mayor Siegel asked for confirmation that the budget for fiscal year 2008 was not proposing an increase in the City of Bellaire’s water rates even though Houston was raising their water rates to Bellaire by 20%.

City Manager Satterwhite advised that Mayor Siegel was correct.

Enterprise Fund Revenues

Water sales were noted to be the largest category of revenues in the Enterprise Fund at 46% of total revenues. Other categories were Wastewater, Solid Waste, and Other.

Enterprise Fund Expenses

The largest expense in the Enterprise Fund was noted to be Solid Waste at 20% of total expenses. Other expense categories were Transfers, Utility Billing, Water Production, Water Distribution, Water Purchase, Groundwater Credits, Wastewater Collection, and Wastewater Treatment.

Councilman Hickman inquired as to whether recycling expenses and revenue had been broken out. In other words,
were the revenues covering the expenses on an incremental basis or cost of capital basis?

City Manager Satterwhite advised that recycling was not broken out, but the revenues were covering the expenses on an incremental basis. The City was working in the direction of recapitalizing.

Mayor Siegel referred to page 41 of the budget book, specifically whether or not sewer and water taps would be outsourced.

City Manager Satterwhite advised that City Staff wanted to outsource sewer and water taps.

Mayor Siegel inquired as to whether this would be the installation of taps or the inspection of taps.

City Manager Satterwhite stated that this referred to the installation of new taps during new construction for commercial and residential.

Mayor Siegel asked if the City was currently performing the installation with City Staff.

City Manager Satterwhite advised that Mayor Siegel was correct.

Mayor Siegel next referred to page 43 of the budget book and the increase in water production - professional services from $5,500 to $21,720. She inquired as to the reason for the increase.

She referred also to page 57 of the budget book and the increase in Solid Waste employment costs. She inquired as to whether this was a reflection of the movement of temporary labor to permanent, full-time labor.

City Manager Satterwhite noted that the City was not able to hire all of the full-time labor in 2007, and the increase did reflect the movement of temporary to full-time labor positions.

Debt Service Fund

City Manager Satterwhite advised that the Debt Service Fund tax rate was reduced by $0.01. The ending fund balance in the Debt Service Fund at the end of fiscal year 2008 would be $1.6 million. He advised that the City needed to leave that fund
balance in place since the tax rate in that fund was expected to rise over the next few years. With the fund balance, the City might be able to minimize the impact of the rising tax rate in the future.

Mayor Siegel stated that she believed either 2007 or 2008 was supposed to be the peak year for the Bellaire Millennium Renewal Program. She noted that the City should see the rate for those bonds fall.

City Manager Satterwhite advised that Mayor Siegel was correct.

Councilman Monday stated that he thought the City had discussed the possibility of calling some of its bonds early if it made economic sense to do so. He inquired as to whether an analysis had been done by the City’s financial advisor, Coastal Securities. He also inquired as to whether City Manager Satterwhite was planning to or could have Coastal Securities speak to City Council about that issue.

City Manager Satterwhite advised that Coastal Securities did keep an eye on it, although he had not talked with them recently. He noted that the City did a refunding not long ago, and that the City did not have many callable bonds. He advised that he would ask Coastal Securities to perform an analysis and get back with City Council.

Councilman McLaughlan noted that every time the City had a bond issue he became concerned with the overhead costs associated with the issues. He knew that City Attorney Petrov had helped the City with his overhead costs. It seemed that the financial advisors had what appeared to be fixed, noncompetitive rates. He was hopeful that some competition could be brought in to save the taxpayers some money.

City Manager Satterwhite advised that he did not believe there was a lot to be saved, but that the City could look into it.

Councilman McLaughlan felt that there was a tremendous amount to be saved.

Vehicle, Equipment, and Technology Fund

The funds for the Vehicle, Equipment, and Technology Fund were derived from previous years’ revenues. City Staff had developed a five-year plan to address vehicle, equipment, and
technology needs. City Manager Satterwhite briefly read some of the items that were included in the fund for the budget year.

**Alton Moses, Assistant Fire Chief, Bellaire Fire Department**, stated that the pumper budgeted for replacement was a 1979 model. It was initially designed as a mini-pumper and became an unrealistic piece of apparatus for the Fire Department by the 1990s due to changes in firefighting capabilities and the structures in the City. At that time, the pumper was converted to a cascade truck, which carried extra air to be used at a fire scene.

The Fire Department wanted to replace the referenced pumper with another cascade truck, a Ford F450, which would provide the ability to carry more personnel, the capability to fill air bottles at a fire scene (i.e., via a compressor), and better storage capability for tools, etc.

**Councilman McLaughlan** advised that the Fire Department was basically asking for a compressed air supply vehicle. As far as compartment space, City Council funded the Fire Department’s new pumper with a tremendous amount of compartment space. The Fire Department was dependent on the volunteer service to operate the compressed air supply truck.

He stated further that the most important thing to consider was that the services were available through the City of Houston. He advised that the City of Houston operated three compressed air recharge trucks. Upon a call for mutual aid with the City of Houston, they would provide a professional firefighter to operate the compressed air system on their truck.

**Assistant Fire Chief Moses** agreed, if one of Houston’s trucks was available.

**Councilman McLaughlan** stated that with three trucks in Houston, he felt that one would be available.

**Assistant Fire Chief Moses** advised that he did not have the statistics on how many fires Houston assisted Bellaire with, but noted that Houston did assist in many of them.

**Councilman McLaughlan** agreed that the Bellaire Fire Department could check into how often the Houston trucks were out of service. In summary, if the services were available with personnel from the City of Houston at no capital expense or personnel expense to Bellaire, then the $150,000 for this
vehicle and ongoing associated maintenance costs could be returned to the Bellaire taxpayers.

City Manager Satterwhite continued by detailing other items included in the Vehicle, Equipment, and Technology Fund.

Councilman Hickman noted that rental of copiers was $10,000 versus purchasing in the amount of $45,000. He asked what the expected life and maintenance costs would be for the purchased copiers.

Director of Communication Technology Services Larry Parks advised that he had been investigating the possibility of replacing some of the City’s leased copiers with copiers to be purchased. None of the City Departments were happy with their current copying system due to the number of malfunctions and costs involved.

With the multi-function products on the market, the City would get a sound product that was quicker and cheaper to operate (i.e., supplies and maintenance).

There would be a three to three and one-half year turnaround on the actual purchase of the product (i.e., with a two-year warranty). Since the current leases ended at different times, the multi-function machines would be phased in throughout the fiscal year.

Councilman Hickman inquired as to the life of the copier or multi-function machine.

Director Parks stated that the three to three and one-half years he had referred to earlier was the payback. The actual life of the machine would be three to five years depending on the number of copies per year.

Councilman Hickman inquired as to the maintenance cost over the five-year life of the machine.

Director Parks stated that he did not know for certain, but noted that it would be significantly less than the City currently paid.

Councilman Monday advised that it had been his experience that as soon as someone did a cost justification for purchasing versus leasing, that person would return in three years recommending leasing versus purchasing due to rapid
technology changes. He suggested that the best-informed decision be made as possible.

He believed that it could be argued that purchasing was not the right way to go. On the other hand, the same argument could be made for leasing.

Councilman Jeffery referred to the replacement of personal computers and inquired as to whether Director Parks was looking at thin client as the better option.

Director Parks advised that the City was only using thin clients in the Bellaire City Library. The City was beginning to use personal computers that worked very much like thin clients, although such machines would technically be called “personal computers.” He advised that the cost of the thin client units were very attractive.

City Manager Satterwhite asked Chief of Police Randall C. Mack if he would describe the public relations vehicle for City Council at this time.

Chief of Police Randall C. Mack stated that the proposed project for public relations was the acquisition and equipping of a vintage police vehicle. It would be used for special events in the City, recruiting, law enforcement expositions, etc. He had three business people lined up to sponsor different portions of the project, such as paint and body or mechanical needs. The year model of the vehicle could include 1940s, 1950s, or 1960s vehicles.

Capital Improvement Program Fund

City Manager Satterwhite advised that one of the items in the Auditor’s Management Letter was the need to transfer the previous fund balance of $5.1 million to the Capital Improvement Program Fund, and this had been done. Also shown in the Capital Improvement Program Fund was a receivable from the Patrons for Bellaire Parks. The total current year revenue in the Capital Improvement Program Fund was noted to be $6.1 million. Total available resources, including the fund balance from 2006, were $6.9 million.

Additionally, it was noted that 90-95% of the expenditures in the Capital Improvement Program Fund were derived from plans that the City had in place, such as water/wastewater improvements, sidewalk improvements, downtown
redevelopment, Congestion Mitigation Air Quality Program project, Bellaire Town Square, and public art.

City Manager Satterwhite directed City Council to page 62 of their budget book. Wastewater treatment and lift station rehabilitation was budgeted at $250,000. Water system rehabilitation was budgeted at $295,000, which included a needs analysis, as well as funds for large water plant repairs as the need arose. In other words, the water system rehabilitation budget represented a contingency.

City Manager Satterwhite advised that over the next five years, the City would have expended $8 million for water and wastewater improvements. He felt that City Staff needed to work during 2008 to package all of those projects together and come up with some type of long-term financing, such as revenue bonds. This would take pressure off of the Capital Improvement Program fund and get the recapitalization back where it belonged.

The sidewalk program portion of the budget was noted to be $400,000 (which included money carried over from the previous year). Downtown area beautification was budgeted at $100,000 (which consisted of money carried over from previous years).

The budget for Bellaire Town Square included a splash pad, donor wall, playground, adult fitness stations, and surveying, grading, and hydro mulching the Great Lawn.

The Master Park Plan was programmed into the budget. Items to be addressed were the Scout House with some type of concession facility and restroom over at Feld Park and upgrades to Holly Trail (including lighting and landscaping).

The City’s 20% match for the Congestion Mitigation Air Quality Control Program was also included in the budget, as well as municipal building and rehabilitation projects. Noted among the municipal building and rehabilitation projects were Municipal Jail renovations, impound vehicle parking surface improvements, HVAC rehabilitation in the Parks & Recreation Center, rehabilitation and refurbishment of the Fire Training Tower, and rehabilitation of the Trolley Pavilion.

The pay-as-you-go component of the Rebuild Bellaire Program was not specifically programmed, but would include cosmetic repairs to City Hall.
The public art program included expenditures for benches. It was based on the original $150,000 that was allocated for public art.

**Councilman McLaughlan** inquired as to whether the gateway markers had been funded in the 2008 budget.

**City Manager Satterwhite** advised that the gateway markers would be funded in 2008.

**Mayor Siegel** referred to asphalt overlay projects budgeted at $1.7 million. She asked if the City planned to use funding received from the Metropolitan Transit Authority of Harris County, Texas (METRO), for overlays done during the Bellaire Millennium Renewal Program that might need to be addressed at this time.

**City Manager Satterwhite** stated that Mayor Siegel was correct.

**Mayor Siegel** asked where the Fire Station appeared in the budget.

**City Manager Satterwhite** stated that City Staff had not dropped the Fire Station out of its scan or radar, but until the Facilities Study was completed, it represented an unknown. This did not mean that it could not be programmed in the budget.

**Mayor Siegel** advised that it appeared that the Facilities Committee would have an idea as to where it was going within the next month or so.

**City Manager Satterwhite** stated that he would hope so, but at this point, he did not know what to program in the budget.

**Councilman McLaughlan** advised that the City definitely needed to spend some facilities money in 2008 to get things rolling. The plan or sequence upon which the facilities money was spent was still a bit of an open issue. The concept or facilities study was very preliminary. The consultant could come back and state that the City’s first effort should be facility “A,” which might not be the Fire Station, in order to effectively integrate all of the City’s facilities needs.

Councilman McLaughlan stated that he felt that there should be a block of money in the budget for facility capital
improvements, which might very well be the Fire Station, but we just did not know right now.

City Manager Satterwhite stated that there was $500,000 in facilities in the budget for the Rebuild Bellaire Program.

Councilman Monday advised that on one side of the spectrum there was high demand and interest in taking existing monies and bond funding to rehabilitate or rebuild the City’s facilities. On the other hand, it had not moved as quickly as anyone would have liked it to. Yet, the City had this one opportunity to get it right. There was cumulatively a large amount of money on the table and, relatively speaking, as it was with many projects, a deferral of a couple of months one way or the other could be tolerated if a better decision could be made.

Councilman McLaughlan stated that he definitely thought some monies should be spent in 2008, but he did not wish to make a commitment in the budget that the monies would be spent on a specific facility at this point in time.

Mayor Siegel stated that she understood what was being said, but at some point the City needed to make a decision and move forward. In November, the bonds would have been approved for two years. She suggested that the City Manager include a note that the facility to be funded could change based upon the outcome of the Facilities Study.

Councilman Monday stated that in the coming week the Facilities Committee would have some substantive information that could guide the City during this particular budget period.

Councilman Hickman advised that he did not believe City Council needed to overwork the budget for this particular spreadsheet. He noted that the ending fund balance for 2006 adopted versus 2006 actual was off by $15.2 million. It appeared that $5.2 million was expended in 2007 over the budgeted expenditures for the same period. It did not sound like having a critical number was important.

Budget Summary

City Manager Satterwhite presented the Budget Summary to City Council as follows:

<table>
<thead>
<tr>
<th>Fund</th>
<th>FY 2007</th>
<th>FY 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>$15,004,911</td>
<td>$17,510,706</td>
</tr>
<tr>
<td>Debt Service Fund</td>
<td>4,853,988</td>
<td>4,864,095</td>
</tr>
</tbody>
</table>
**Fund** | **FY 2007** | **FY 2008**
---|---|---
Enterprise Fund | 6,406,952 | 6,567,557
Total Budget | $26,265,851 | $28,942,358

**Mayor Siegel** asked each member of City Council to make any summary statements or provide any input they wished at this point in the presentation.

**Councilman Jeffery** advised that he had no statements at this time.

**Councilman McLaughlan** advised that he had no statements at this time.

**Mayor Pro Tem Faulk** advised that she had no statements at this time.

**Councilman Monday** congratulated City Staff and the City Manager for their efforts and hard work. He stated that prior to approval of the budget, he felt that City Council would like an opportunity to provide comments. He stated that he would appreciate hearing from Claunch & Miller, Inc., with respect to asphalt overlays. He wanted a better understanding as to the City’s value for the dollars spent on asphalt.

**Councilman Hickman** stated that it appeared that the City was spending a great deal of its reserves or emptying out the “piggy bank.” He was concerned that the City might end up having a significant tax rate increase in 2009. He inquired as to whether the City really wanted to increase its spending this year by 17%.

**Mayor Siegel** stated that most of that increase was going toward capital improvements.

**City Manager Satterwhite** stated that all of the plans were finally coming together. This was the reason that he wanted to reprogram the water and wastewater projects through other long-term financing options. This would take some pressure off.

He did believe that the City had built up some fund balances in the General Fund that were a bit excessive in the past. He did not think that we would spend all of the “piggy bank.” City Staff wanted to do some more analysis and would be coming up with a new cash flow projection for the next seven years in the near future. He believed the City would be okay without having
to raise taxes, but noted that Councilman Hickman’s point was well taken and that he shared his concern.

Councilman Hickman noted that the opposite effect had occurred with respect to the Debt Service Fund. The ending fund balance in that fund was 34% of the budget for this year. It was something he needed to look at more closely. His concern was solely related to the amount of increase in spending. He would rather see a tax cut than an increase in the reserves.

Mayor Siegel advised that the only thing she heard this evening that was not included, but might need to be considered, was the Comprehensive Plan. She stated that she thought the budget was very well thought out. She did wish to see a continued emphasis on maintenance. She also agreed with an increase for security to ensure that the employees, as well as the citizens, were safe in the City’s facilities.

H. COUNCIL CORRESPONDENCE AND COMMENTS.
Discussion only.

I. ADJOURNMENT.

MOTION TO ADJOURN:

A motion was made by Councilman Will Hickman and seconded by Mayor Pro Tem Peggy Faulk to adjourn the Regular Session of the City Council of the City of Bellaire, Texas, at 11:03 p.m. on Monday, July 16, 2007.

VOTE ON MOTION TO ADJOURN:

Motion carried unanimously on a 6-0 vote as follows:

FOR: Siegel, Cindy
     Hickman, Will
     Monday, John F.
     Faulk, Peggy
     McLaughlan, Pat
     Jeffery, John

OPPOSED: None
ABSENT: Davison, Debra Marz

Respectfully submitted,

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Tracy L. Dutton, TRMC  
City Clerk  
City of Bellaire, Texas

Approved:

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Cynthia Siegel, Mayor  
City of Bellaire, Texas