

THE STATE OF TEXAS §
 COUNTY OF ANDERSON §
 CITY OF PALESTINE §

The City Council of the City of Palestine, Texas convened in a Special Meeting on Monday, April 30, 2007 at 5:30 PM, in the Council Chambers at City Hall, 504 N. Queen Street, Palestine, Texas, with the following people present:

CAROLYN SALTER	:	MAYOR
KATHI MASONHEIMER	:	COUNCILMEMBER
VERNON DENMON, JR.	:	COUNCILMEMBER
VICKEY L. CHIVERS	:	COUNCILMEMBER
ANDREA BAIRD	:	COUNCILMEMBER
STEVE PRESLEY	:	COUNCILMEMBER
R. DALE BROWN	:	CITY MANAGER
JANELLE SHEFFIELD	:	CITY SECRETARY
RONALD D. STUTES	:	CITY ATTORNEY

Councilmember Yelverton was absent from the meeting. A quorum was present.

CALL TO ORDER -- SPECIAL MEETING 5:30 PM

Mayor Salter called the Meeting to order at 5:30 PM.

Consider a Resolution authorizing the City Manager to Negotiate and Execute an Amendment to the current FBO Lease Agreement relating to the Palestine Municipal Airport

City Manager Brown presented the Resolution to Council. Brown advised Council that the City should take over operation of fuel at the airport, and that other elements of the contract will be brought back to Council at the May 14th meeting. A brief discussion on the city's liability followed.

A motion was made by Councilmember Presley, seconded by Councilmember Denmon, to adopt **Resolution No. R-14-07**, authorizing the City Manager to Negotiate and Execute an Amendment to the current FBO Lease Agreement relating to the Palestine Municipal Airport. Upon vote, motion passed unanimously.

Consider changes to the Employee Pay and Incentive Plan and methods of financing said changes

Mayor Salter advised Council that she requested City Manager Brown and Finance Director Bobby Pennington to look into possible salary increases. She also asked that they analyze where we are, how we got here, and what we can do about it.

City Manager Brown explained that in budget year 2004-2005, Council reduced the tax rate by .04 cents. After Brown was hired by Council, that year's budget had to be amended due to items that had been left out of the budget, and had to be taken out of fund balance. He advised that Council and Staff have been working on getting fund balances back for the past two years. He also advised that for the past two years the City has only been able to afford 3% and 2-1/2% raises for the employees, but is now in a position to afford a greater increase.

Council and Staff discussed five year revenue and expense projections in detail. Future General Fund expenses were discussed, including street repairs, city hall facility, replenishing the vehicle fleet and opening a new section of the cemetery. City Manager Brown advised Council that police department is out of room, and the opposite end of the building housing customer service is also out of room. He also advised that the streets are in such shape where improvements can't be postponed.

Councilmember Baird expressed that she wants people to understand that the tax rate today is .10 cents lower that it was in 1985.


Finance Director Pennington explained to Council that a tax increase will help General Fund to stand on its own, advising that transfers of money from the Water and Wastewater Funds to General Fund have been heavy for the past couple years. A discussion on increasing the tax rate followed.

City Manager Brown and Finance Director Pennington presented Council with a proposal increasing police department and fire department salaries 10%, and increasing all other departments 4%. Council expressed that they would like to see a 10% increase for all departments, and directed Staff to look into that possibility. City Manager Brown advised that Staff could bring a basic plan back to Council at the May 14th meeting.

ADJOURN

Motion was made by Councilmember Denmon to adjourn. Upon vote, motion carried unanimously.

Mayor Salter declared the meeting adjourned at 6:55 PM.


CAROLYN SALTER, MAYOR

ATTEST:


JANELLE SHEFFIELD, CITY SECRETARY