

CITY OF DENTON CITY COUNCIL MINUTES

October 17, 2011

After determining that a quorum was present, the City Council convened in Work Session on Monday, October 17, 2011 at 9:00 a.m. in the City Council Work Session Room.

PRESENT: Council Member King, Council Member Roden, Council Member Engelbrecht, Mayor Burroughs, Mayor Pro Tem Kamp

ABSENT: Council Member Gregory and Council Member Watts

1. Receive a report and hold a discussion regarding the 111th Congress, 2nd Session and outlook for 112th Congress, 1st Session, to include Budget Issues, the Federal Debt Ceiling issue, Super Committee of Congress concerning deficit reduction, President's jobs plan, Surface Transportation, Aviation, Infrastructure Bank, Telecommunications, Cap & Trade/Climate Legislation, Hotel Occupancy Tax, HUD/DOT Sustainable Development, and other topics impacting local government.

Ralph Garboushian, Capital Edge, presented a federal legislative update. Topics of discussion included budget issues in terms of debt ceiling deal, Super Committee and deficit reduction, President's jobs plan, and outlook for FY 2010 appropriations and core local government programs.

Council Member Watts arrived at the meeting.

Garboushian stated that the Super Committee would be looking at a deficit reduction for the next decade with \$1.5 trillion in budget cuts in the next ten years. The FY 2012 discretionary spending was of particular concern to cities which would be looking at cuts in CDBG funding on the Senate side but a slight increase on the House side. Local law enforcement assistance and local homeland security grants were also looking at cuts in funding. If those programs were cut, it would place an administrative burden on cities to run those programs.

Mayor Pro Tem Kamp questioned what that would mean for Denton if the administrative fee was reduced from 20% to 10% as some of those funds were used for staff.

Barbara Ross, Community Development Administrator, stated that this year the administrative cap for CDBG was \$197,000 and of that \$189,000 was used for staff salaries. In the HOME program the cap was 10% which was all used for staff salaries. A large funding cut would require a cut in at least one staff position. Currently two positions were funded through the General Fund. Staff could always be paid from those programs but then the funding for assisting households would be less.

Mayor Burroughs asked if the administrative costs paid by CDBG and HOME funds in Denton were standard among other cities.

Ross stated that she did not know of any comparisons with other communities. It depended on the size of community and what that community wanted to administer.

Mayor Burroughs asked how much of the inspections were discretionary or were all mandated by the programs.

Ross stated that they were mandated in order to show that there had been involvement in the program and were drawing federal funds for a project which was allowed.

Garboushian stated that one proposal for homeland security was to place all state and local grant programs in one category, fund \$1 billion and have the Secretary of Homeland Security determine how best to spend the money. In that scenario, a number of communities would be cut from the program. The State Homeland Security grant was looking at a 33% cut in the Senate and House. He indicated that there was a focus on jobs in Washington with the American Jobs Act. He detailed the background of the President's plan to Congress. Key components included infrastructure, aid to State and local governments, tax cuts, unemployment and offsets. The Republicans had proposed their own jobs plan. Key elements included spending reform, tax reform, regulations reform, and domestic energy job promotion.

City Manager Campbell asked about tax exemption on municipal bonds.

Garboushian stated that he had only seen a draft but the President had submitted a proposal for deficit reduction with the thought to eliminate tax exemption for municipal bonds. That would be very hard on cities. Another element might be to force every city to be involved in social security.

Council Member Roden asked if and when some version of a job bills passed, what would be the city's process to receive funding.

John Cabrales, Public Information and Intergovernmental Affairs Officer, stated that in the past, Capital Edge notified the city when funding was available. Eligible departments were then contacted to submit for funding. Staff worked with the Budget Office as some grants required a match from the city. There were various staff members in place in various departments who were knowledgeable about the grants.

Garboushian continued with transpiration issues which included surface transportation, aviation, and infrastructure bank. Surface transportation was currently on a short term extension of the Federal Highway Transportation program. He did not think there would be an opportunity for individual projects included in the bills and no earmarks for the bill. One concern was the Transportation Enhancement Program and the Safe Routes to School Programs which might be in jeopardy. Reserving those funds might be difficult but local Metropolitan Planning Organizations would still receive some funding.

Council Member Watts stated that as a member of the TMPA Board he had seen a lot in the news about rail costs for transportation and asked if there any kind of status on that issue.

Garboushian stated that railroads were a large lobby presence in Washington but as more and more people sent a message out regarding the costs, the Transportation Safety Board would have to look closer at it. He presented a handout comparing the President's, Republican and Democratic proposals for the National Infrastructure Bank

In the area of Hotel Occupancy tax Garboushian noted an effort by on-line travel to preempt the ability of cities to collect hotel occupancy taxes. Another issue of note dealt with post offices. One proposal suggested was to close some post offices across the county while another proposal

was to close processing centers such as the one in Dallas. No Denton facility was suggested at this point.

Garboushian continued with a review of HUD/DOT Sustainable Development, Cap & Trade/Climate Legislation and telecommunications. Council discussed those issues in terms of what it meant for Denton.

With no further business, the meeting was adjourned at 10:25 a.m.

MARK A. BURROUGHS
MAYOR
CITY OF DENTON, TEXAS

JENNIFER WALTERS
CITY SECRETARY
CITY OF DENTON, TEXAS