

Minutes  
Regular Council Meeting  
February 21, 2012

On this 21<sup>st</sup> day of February 2012, at 6:00 p.m., the City Council of the City of Devine convened in a Regular Meeting; the same being opened to the public at their regular meeting place; thereof, at City Hall, 303 S. Teel Drive, Devine, Texas. Notice of said Meeting having been prescribed in Chapter 551, Government Code, and Vernon's Texas Codes, Annotated, and the following members being present:

Mayor William L. Herring  
Alderman Hal Lance  
Alderwoman Gina Champion  
Alderman Steve A. Lopez

Absent being Alderwoman Kathy Wilkins and David Valdez; thus, constituting a quorum.

Personnel present: Gary Pelech, City Administrator; Dora V. Rodriguez, City Secretary and Adalberto Bosquez, City Accountant.

Others present: Doug Browne, Sagebiel Ravenburg & Schuh, P.C.; Stephen Horton, Coleman, Horton & Company, LLP; David & Mary Wilkerson, Sonia Lance, Devine; Linda McAnelly, Cindy Morales, Jim Weber, Marshall Davis, Nancy Pepper, Scott Taylor, Carl Brown, Chad Quisenberry, Evan Eads and Cassandra Eads, Devine ISD and Sandy Herrera, Devine News.

Mayor Herring, presiding, declared the meeting opened and welcomed all visitors; Mayor Herring also delivered the Invocation and led the Pledge of Allegiance.

The first order of business was a Public Hearing - Water Extension Project and related cost for the City – associated with the Devine ISD.

At 6:02 p.m. the Mayor opened the Public Hearing.

The Mayor informed the public that the water situation is at the new building being built between the High School and the Middle School. The City was notified in November 2010 about the amount of water pressure and gallons per minute we have in that area. The City ran a test and got with the School as soon as possible and then got back with the school. There is not enough water pressure for their sprinkler system which is mandatory in the new building by code to be functioning at the same time that the Fire Department is pumping out of the fire hydrant.

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Mayor Herring informed the public that there was a solution made available to spend between \$155,000 to \$175,000 for a pressure pump and a 40,000 gallon holding tank to fix the problem. The School came to the City to see if there was a better way without having to spend this kind of money. Mayor Herring advised that we have been working with the School since early January to come up with an alternative solution. The solution is to get another line over there.

Mrs. Linda McAnelly, Superintendent of the Devine ISD showed the public and council a map showing the option that has been agreed on which is going through an easement by Doctor Hudson's Dental Place and the Jiffy Lube, where we can come across and bore under Hwy 173.

David Wilkerson asked if they would be crossing the driveway he just put in. Mrs. McAnelly informed Mr. Wilkerson that it would be before it, down by Doctor Hudson's. Mr. Wilkerson advised that his driveway will still be cut. City Administrator Gary Pelech advised Mr. Wilkerson that the city will put back anything that has to be cut. Mr. Wilkerson held discussion with council on making sure he understood where the line was going and what all was going to be cut.

Fred Morales advised that he thinks that the city should make every effort to make sure that they loop the water through. He commented that he has never had good water pressure.

Mrs. McAnelly wanted to thank the city for working with them and attending the meeting to come up with a solution. She also thanked David Wilkerson, Fred Morales, Doctor Hudson and the Jiffy Lube.

Mrs. McAnelly informed that the school's cost from the bore to the building will be about \$100,000. She also advised that she is thinking that they will still need to have a pressure pump that will run about \$25,000.

Mayor Herring advised that the cost for the material to go across Hwy 173 is about \$19,000 and for the bore we are looking at about \$20,000.

Mayor Herring informed that the city will waive all permit fees and that the school will have their engineer get with TXDOT for the permit to bore under Hwy 173. Discussion was held on cost for TXDOT's Permit.

At 6:23 p.m. the Mayor closed the Public Hearing.

The second order of business was to discuss and consider taking action on Water Extension Project and related cost for the City – associated with the Devine ISD.

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Mayor Herring advised that the cost for the City to go across Hwy 173 will be \$36,000 to \$40,000 and the School's cost is an estimate of \$100,000.

Mayor Herring advised that he would like a decision tonight if possible because the holdup will be the permit we need from TXDOT and this normally takes anywhere from 6 weeks to months. City Administrator Gary Pelech advised that this is why we want for the school to get the permit from TXDOT because they could probably get it faster than what the City could. The Mayor added that it would look better coming from the School to ask TXDOT to expedite this to get fire protection for the School.

Alderman Lance asked if it matters who gets the permit. Mayor Herring advised that it does not matter, but the permit has to be under the City's name. Alderman Lance advised that he thinks we need to take care of the bore as well. Alderwoman Champion agreed with Alderman Lance.

Mayor Herring explained that our ordinance reads that for anyone needing utilities from the City will be the property owner's responsibility to pay for the City to run our lines up to their property. Alderman Lance feels that the city should run everything up to their property.

City Administrator Gary Pelech asked Mrs. McAnelly if it is okay with her that her engineer gets the TXDOT permit. She advised that it would be okay, but she feels that the City needs to pay for this.

Motion by Alderman Lance, seconded by Alderman Lopez to pay the estimated cost of \$36,000 to \$40,000 to run the water to Hwy 173 and bore under Hwy 173 to provide water to the School.

Ayes	--	Three
Nays	--	None
Absent	--	Two – (Alderwoman Wilkins and Alderman Valdez)

Motion carried.

The third order of business was the Visitor/Citizen Forum.

There was no one to speak under this item.

The fourth order of business was the approval of the Minutes.

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Motion by Alderman Lopez, seconded by Alderwoman Champion to approve minutes of the Regular Council Meeting, January 17, 2012 and Special Council Meeting, February 13, 2012.

Ayes	--	Three
Nays	--	None
Absent	--	Two – (Alderwoman Wilkins and Alderman Valdez)

Motion carried.

The fifth order of business was to discuss and consider adopting a Resolution authorizing the submission of a Texas Home Investment Partnerships Program Application to the Texas Department of Housing and Community Affairs for participation in the Home Program Reservation Systems; and authorizing the City Secretary to act as the City's Executive Officer and authorized Representative in all matters pertaining to the City's participation in the Home Program Reservation System.

City Secretary Dora V. Rodriguez informed the council that we are hoping to do 3 to 6 homes and the houses will be below \$73.00 a square foot or \$80,000 whichever is less.

Ordinance attached as Exhibit A.

Motion by Alderman Lopez, seconded by Alderwoman Champion to adopt Resolution 2-12 authorizing the submission of a Texas Home Investment Partnerships Program Application to the Texas Department of Housing and Community Affairs for participation in the Home Program Reservation Systems; and authorizing the City Secretary to act as the City's Executive Officer and authorized Representative in all matters pertaining to the City's participation in the Home Program Reservation System.

Ayes	--	Three
Nays	--	None
Absent	--	Two – (Alderwoman Wilkins and Alderman Valdez)

Motion carried.

The sixth order of business was to discuss and consider Trends by Financial Advisor Phil Sagebiel.

Doug Browne with Sagebiel Ravenburg & Schuh, P.C. informed the council that Phil could not attend this meeting so he will be going over the Trends with council.

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He went over the following:

- General Fund Revenue vs. Operating Expenses – In 2011 the revenue and expenses are getting tight, and in 2010 you have more of a gap between both.
- General Fund Operating Income – In 2010 the operating income was high and in 2011 it has dropped. The goal is to far exceed break-even in order to have funds to cover necessary capital outlay expenditures.
- Trend in General Fund Capital Expenditures – For 2011 it shows that \$24,000 was for a new air condition and \$43,000 was for a police vehicle and equipment.
- General Fund Income before Transfers & Loans – In 2009 our income was down, in 2010 it went up and 2011 it has gone down. Goal is to exceed break – even by \$25K plus.
- General Fund Revenue Comparison – These are the major revenue sources in General Fund – your Property Tax, Sale Tax, Franchise Tax, Charges for Services and other.
- Property Tax Assessed Valuation – It has been steadily going up which allows the city to not to go up on Property Taxes.
- Trend in Property Tax Rate – The Tax Rate has been going down due to the Property Valuations increasing.
- Trend in Property Tax Revenue – This is broken down from the General Fund and Debt Service. In 2011 the General Fund increased and the Debt Service decreased.
- Trend in Sales Tax Revenue – It went up in 2011 - 11%.
- Trend in Franchise Tax Revenue – In 2011 this revenue increased by \$35,000; this was due to Alamo One and West Texas Gas.
- Trend in Municipal Court Revenue – It is dropping a little and we were aware of some problems in the past with ticket dismissals. We would like this revenue to increase more.
- General Fund Revenue by Source – This is just information broken by source and percentage.
- General Fund Operating Expenses – The operating expenses in Administration increased by 30%, Streets increased by 30%, Police decreased by 1%, and Health/Sanitation increased by 13%.
- General Fund Operating Expense by Department – This is for 2011 by all departments: Code Enforcement 4%, Administrative 12%, Streets 16%, Police 27%, Municipal Court 3%, Health/Sanitation 30%, Animal Control 3%, Recreation/Airport 1% and Library/Community Center 4%.
- Trend in General Fund Working Capital – We like to see 6-months worth of working capital and the city has 4-months of working capital.
- General Fund Required Fund Balance – We also like to see 6-months of fund balance.
- Water & Sewer Fund Revenue vs. Operating Expenses – The Water revenue increased by 20% and the expenses increased by 8%.

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- Trend in Utility Customers – There was a slight increase in customers from 2010 to 2011.
- Trend in Percentage of Water Unbilled – The unbilled Water has come down and it is looking good; this is what we want to see.
- Trend in % of Water not Accounted for – This has also gone down and this is what we also want to see.
- Utility A/R Analysis – The Current Delinquent accounts is at 87% and the Delinquent is at 13 %, and we want to see the Delinquent under 10%.
- Trend in Long-Term Debt – This is coming down. The Water/Sewer/Gas Debt will end in 2025, and the General Debt will end in 2015.
- Trend in Working Capital – This is the total working capital for the city. He advised that in 1996 the city only had \$47,170 in working capital and we now have over 3 million; a lot of work was done to get to reach this amount.
- Trend in Working Capital by Fund – This is broken down by funds – General Fund, Water/Sewer and the Gas System to show the working capital by fund. We like to see the General Fund go up because it has been going down.

Mayor Herring advised that we had to transfer \$46,000 from the Sewer/Water to General Fund due to the mistake made at the Tax Office in Hondo. He advised that we cut across the board and the employees took a hit and so did our insurance. He advised that the longevity was taken from the employees and we held off replacing some employees in Public Works and in the Police Department.

Trends attached as Exhibit B.

Motion by Alderwoman Champion, seconded by Alderman Lopez to approve Trends by Financial Advisor Phil Sagebiel.

Ayes	--	Three
Nays	--	None
Absent	--	Two – (Alderwoman Wilkins and Alderman Valdez)

Motion carried.

The seventh order of business was to discuss and consider Audit Report/Management Letter by the Auditors.

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Stephen Horton addressed the council on the Audit Report Letter and advised that this is an unqualified opinion which means in the audit world that there is no qualification or expectation to report to the council regarding our financials. He informed Council that this was a good clean report; the highest level you can receive from an audit firm and one that you and your staff should be very pleased with.

He advised there was one finding and it was under the Capital Outlay for \$19,000 which was something that slipped in before the end of fiscal year and a budget amendment did not get caught. This was the air condition grant we received.

He closed by saying that this was a good sound audit.

Audit attached as Exhibit C.

Motion by Alderman Lopez, seconded by Alderman Lance to approve Audit Report/Management Letter by the Auditors.

Ayes	--	Three
Nays	--	None
Absent	--	Two – (Alderman Wilkins and Alderman Valdez)

Motion carried.

The eighth order of business was to discuss and consider the City of Devine Police Department Racial Profiling Statistical Report 2011.

City Administrator Gary Pelech advised the council that this report has been filed already and it's just a matter of approving it.

City Attorney advised that the report looks good.

Council reviewed report.

Report attached as Exhibit D.

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Motion by Alderman Lance, seconded by Alderwoman Champion to approve the City of Devine Police Department Racial Profiling Statistical Report 2011.

Ayes	--	Three
Nays	--	None
Absent	--	Two – (Alderwoman Wilkins and Alderman Valdez)

Motion carried.

The ninth order of business was to discuss and consider appointing Ms. Stacey Cross to serve on the Board of Managers of the Medina County 911 Emergency Communications District.

Motion by Alderman Lopez, seconded by Alderman Lance to appoint Ms. Stacey Cross to serve on the Board of Managers of the Medina County 911 Emergency Communications District.

Ayes	--	Three
Nays	--	None
Absent	--	Two – (Alderwoman Wilkins and Alderman Valdez)

Motion carried.

The tenth order of business was Information Items.

Mayor Herring advised that the Police Dept. is losing an officer.

Mayor Herring advised that our new well by Triple C will be needing filters.

Mayor Herring advised that on our Edwards Well, the pressure tank has been taken down and we have a new one ordered. We do have someone to put it in.

Alderwoman Champion advised that the Arabians Baseball has started up.

There being no further business to come before the governing body, motion by Alderman Lance, seconded by Alderman Lopez, to adjourn meeting.

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Mayor

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City Secretary