

Minutes
Special/Budget Workshop Council Meeting
August 9, 2011

On this 9th day of August 2011, 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 Kathy Wilkins
Alderwoman Gina Champion
Alderman Steve A. Lopez

Absent being Alderwoman Marina Antu; thus, constituting a quorum.

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

Others present: Sonia Lance, 217 Malone, Devine, Texas and Sandy Herrera, Devine News.

Mayor Herring, presiding, declared the meeting open.

The first order of business was to discuss and consider the review of:

- Rate A. Review of Effective and Rollback Tax Rates
- Rate B. Review Schedule A, B, C
- Rate C. Review Tax Rate

City Administrator Pelech informed the council that there was an error in the calculations of the Taxes from the Office of Loraine Neuman so they sent us a corrected one. He advised that before council reviews what we submitted to them, he would like to talk to Loraine Neuman on making sure what we have is correct.

City Administrator Pelech advised the council once we know that all the tax figures are correct we will schedule a special meeting to review them.

The second order of business was to Review 2011 Appraisal Roll Certified by James Garcia with Medina County Appraisal.

Council held discussion on the Appraisal Roll and inquired if the figures were correct. City Accountant Pepper explained that this has nothing to do with the error from the Tax Office.

The third order of business was the Budget Workshop.

City Accountant Nancy Pepper went over the following:

- Last year we adopted the budget with an \$89,000 deficit which we said we would not do again.
- General Fund is showing, for the new budget, a 90,000 deficit with pulling out the \$40,000 in taxes.
- General Fund – Records Consulting - \$6,300 was taken out and \$1,500 was left for codifying our ordinances.
- Water Fund – Water Maintenance Supplies added back \$30,000 – it was taken out in error.
- Water Fund – this fund will net \$86,000

Special Meeting
August 9, 2011
Page 2

Alderman Lance asked what the Edwards Aquifer is going to do to us. Mayor Herring advised him that if they triple the rate from \$39.00 to \$116.00 and if they will triple the rebate also and with our new well coming on, we will be able to pump more out of the Carrizo Well and we will be in pretty good shape compared to others cities. Alderman Lance asked "But will it change what we are charging for water?" City Administrator Pelech replied that, yes, it would change this. He advised that we are looking at \$1.76 right now under the EAA and it would change to \$5.25, and this does not include the rebate. He advised that we are not sure if there even is going to be a rebate.

City Accountant Nancy Pepper informed the council that the budget reflects the current rate that Edwards is charging us right now. We will have to change the revenue and the expenses once we know what they will be charging us.

City Accountant Nancy Pepper explained that this budget shows a 2% increase in water rates and a 2% increase in sewer rates. She explained that if we have to go up on the Edwards Aquifer, council can elect not to increase water and sewer rates or just go up on one. She advised that Phil has stated that if we do not go up on the water and sewer rates, it would be okay as long as we state that we are only doing this due to the increase in the Edwards Aquifer rates and it would be one time occurrence.

City Accountant Nancy Pepper went over the General Fund Expenses:

- COLA increase has been added in.
- Longevity was added in.
- Street Maintenance Materials was increased.
- Administration expense only increased by \$7,000.
- Court expense increased by \$1,200 - we reduced the legal fees.
- Streets – has a \$43,000 increase.
- Police Dept. expense increased by \$8,400 and a \$1,400 increase to the SRO Officer expense.
- Health and Sanitation – shows a 1,700 increase and we will have to figure the new rates for the Garbage because we have the same figures as the last year.
- Animal Control Dept. – shows a \$2,200 increase.
- Parks & Recreation – there is an \$800 increase due to the supplies they get for the Park Restrooms.
- Library – there is a decrease that reflects from the grant that we have to take out until they receive the grant; then we increase the revenue and expense to reflect this.
- Airport – there is a decrease of \$2,500.
- Community Center – very little changed – there was a \$500 decrease.
- Code Enforcement – there is a \$1,500 increase.
- Capital Outlay – Only has an increase of \$5,000 for the Animal Control Dept. to enclose the Animal Shelter to help with the electric bill.

Special Meeting

August 9, 2011

Page 3

Revenues:

- Court revenue is less – we're hoping it will increase.
- Building Permits – are always tough to figure because we do not know what developments will be happening.
- Sales Tax – we put a 4% increase.
- Property Taxes – we put a \$44,000 increase.
- Lodging Tax – has increased.
- Burch Foundation – was pulled out because we never know if we will receive this.
- Library Grant – was pulled out because we never know if we will receive this.
- Garbage – rates will be increasing according to our contract. The increase on the CPI is 3.5% and this will affect our cost. Last year under the Residential, the decision was made not to go up 10% due to the senior citizens. They only went up a quarter. The Commercial accounts went up 10%. We will make \$30,000 this year and we budgeted for \$60,000. In order to get this under the Commercial, the rate we need to figure is 3.5% because we already went up 10%. For the Residential, the increase will be \$2.35. This is where council needs to decide if they want to do this. We are also getting charged a hefty fuel charge every month which is in the contract that they can charge us anything over \$2.80. If we go with these figures, we will make a \$50,000 profit. This may seem like a lot, but you have to take into consideration that we have payroll costs for the staff that handles the garbage.

Increases that we are facing are:

- Edwards Aquifer.
- Water Rates.
- Sewer Rates.
- Garbage Rates.
- Tax Rate may have to go up.

It was explained to council that last year we lowered the effective tax rate and the mistake was made on last year's calculations. When Loraine Neuman went back to check the figures, the error was on the TIF calculation which then gave us a wrong effective tax rate. In order for us to get the same amount of revenue, we will need to go up on the effective tax rate due to the error.

These increases are up to council but remember that we can elect to not go up on water and sewer rates.

Council discussed the COLA - right now we have 3% figured into the budget. The consensus of the Council and administration staff is to take out the longevity pay, to reduce the COLA from 3% to 2 ½ %, and for the department heads to trim their budgets.

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

Mayor

City Secretary