

**Minutes
Special Meeting
August 11, 2009**

On this 11th day of August 2009, at 7:00 p.m., the City Council of the City of Devine convened in a Special 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 thereof, being present:

Mayor Jerry Beck
Alderman John Ramirez
Alderman Frank Cortez, III
Alderman David Espinosa
Alderman Hal Lance

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

Personnel Present: Dora V. Rodriguez, Interim City Administrator/City Secretary; Ofilia Pedroza, Assistant City Secretary; Nancy Pepper, City Treasurer; Chief of Police Rob Flores; Billy Grote, Director of Public Works; Ismael Carrillo, Superintendent of Public Works; and Barbara Moore, Library Director.

Others present: Sandy Herrera - Devine News; Lamar Schultz, San Antonio TX; Jody P. Butler; Glen Rose TX.

Mayor Jerry Beck, presiding, declared the meeting opened.

The first order of business was the Executive Session: Pursuant to Provision of the Open Meeting Law §551.071 through §551.076, §551.086, §551.087 Texas Government Code, (Consultation with Attorney, Deliberation Regarding Real Property, Deliberation Regarding Prospective Gift or Donation, Deliberation regarding Economic Development Negotiations and Personnel Matters).

- a. §551.074 – Personnel Matters – City Administrator Position

At 7:00 p.m., Mayor Beck announced to the public that the Council would go into a Closed Session. At 8:00 p.m., Closed Session was opened to the public.

No action was taken.

The third order of business was to Reconvene into Regular Session and Consider Action, if any, on items discussed in Executive Session.

No action was taken.

The second order of business was to discuss and consider review of:

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Rate A. Effective and Rollback Tax Rates
Rate B. Schedules A, B, C
Rate C. Tax Rate

Council reviewed effective tax rate which went down from .5900 to .5774/\$100. City Accountant Nancy Pepper told Council that Loraine Neuman, Tax Assessor-Collector for Medina County came up with these figures; she told Council that the effective tax rate worksheet was attached also.

As Council reviewed the property tax calculations, City Accountant Nancy Pepper told Council that the total amount of taxes is more than the \$632,000.00, but we put in that we expect to get more than 94% of what's billed to the taxpayer. She explained that if Council were to adopt the effective tax rate of .005774/\$100, we would have \$5,000 less in the General Fund. City Accountant Nancy Pepper explained to Council that this year we have budgeted \$525,000 current Property Tax Revenue in the General Fund. She said we have only received \$515,000 of the \$525,000 budgeted for General Fund Current Taxes, leaving \$10,000 to be received but she doesn't expect to collect that in the next two months and meet our budget because it hasn't been done in the last two years. She told Council that there's not anything we can do about Debt Service, and explained that the only thing we pay for in Debt Service is the '98 Bonds, and the interest has been going down on that every year. Council held discussion on the '98 and 2004 Bonds.

In summary, in the General Fund, if we use the .005774 and then take out what is needed for Debt Service, it will bring in \$519,000 rather than the \$525,000 (\$5,000 less). If we use the .005900 which is the rate we're using this year, we will have \$533,000 (\$8,000 more than we budgeted this year).

The Rollback Rate is .8098/\$100 for this year. This is the amount that we cannot exceed.

Council reviewed Schedules A, B, and C. A worksheet was provided. Schedule A = Unencumbered Fund Balance; Schedule B = 2008 Debt Service; Schedule C = Expected Revenue from Additional Sales Tax.

Interim City Administrator Dora V. Rodriguez provided Council with the following breakdown of tax rates since 2003: In 2003 - .7204; 2004 - .7238; 2005 - .6953; 2006 - .6900; 2007 - .6234 and 2008 - .5900. City Accountant Nancy Pepper informed Council that our tax rate has gone up quite a bit with the Golf Course area.

Mayor Beck mentioned that theoretically, if we had a tax base of \$120 Million rather than \$116,000, our tax rate would be considerably lower. City Accountant Nancy Pepper confirmed this to be correct. The tax rate is just a number; it looks good when it goes down but people don't realize that the valuation goes up. Accountant Nancy Pepper said that's why Loraine Neuman gives us the effective tax rate, which is what we need to have to pull the same amount of taxes we got last year.

The third order of business was to Review the 2009 Appraisal Roll Certified by James Garcia with the Medina County Appraisal Office.

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City Council reviewed the Appraisal Roll. Interim City Administrator told Council that this is required from Council. She told Council that we're looking at a \$3 Million difference from last year. She pointed out to Council that the \$5,000 exemption for citizens over 65 is also included in this worksheet. This was for review only.

BUDGET WORKSHOP

City Accountant Nancy Pepper provided Council with the Revenue pages for each of the funds. She told Council this is what we're estimating:

General Fund

- Taxes - For Total Taxes in the General Fund, we are estimating \$146,000 less for this next year. Just in sales taxes and franchise taxes, we are losing \$130,000.
- Fees/Fines – There's very little change in the subdivision fees.
- Grants/Contributions – We can't put money in there until we receive the money.
- Interest Earned – Interest is down. We moved our money out of the Lone Star this week and put it into CD's because Lone Star was only paying 1/2 percent of interest, and we got 1.75% at the bank on CD's. It's better but still a whole lot lower than what we're used to getting.
- Permits/Licenses – There's a reduction of about \$14,000.
- Garbage Collection – The big difference is that we're anticipating getting (based on the new rates for this next year) \$120,000 more in revenue. We also have expenses that will be offsetting that, but the total bottom line figure is that we're estimating an \$85,000 deficit. She reminded Council that we budgeted a deficit of \$136,000 in the General Fund this year, and we're going to hit that mark very soon. She told Council that we cannot have that kind of deficit this year again. According to Phil Sagebiel, Financial Advisor, we just cannot dip into our Reserves another \$100,000. Council held discussion on the many factors that got us into this situation.

Sewer and Water Fund

- We only budgeted a 2% increase in rates for Sewer and Water, and with that, there will be a \$13,000 reduction in revenue but the Sewer Fund will still make approximately \$100,000 to \$200,000 next year.

Gas Fund

- We budgeted a 6% increase. City Accountant Nancy Pepper told Council not to let the \$101,000 deficit scare them because we had budgeted really high on the ACG (cost of gas) this last year. She explained it just didn't get as high as we thought it was going to be, and

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it's low. So, we're reducing that by \$120,000 in revenue. She said the revenue and the expense both are lower.

Mayor Beck added that if this Gas System is no longer in existence (if we sell it), then it's no longer an expense. City Accountant Nancy Pepper confirmed that to be correct. However, she said the one thing we need to look at is the General Fund.

Accountant Nancy Pepper told City Council that she and Dora V. Rodriguez, Interim City Administrator, will be needing direction from them. They need to think about what they want to do about property taxes and what rate they want to set. She told Council that Phil Sagebiel, Financial Advisor, had offered to come down if they want him to. The areas that he suggested we look at cutting are in the Street Maintenance; we have \$101,000 in there.

Interim City Administrator Dora V. Rodriguez told Council that we have to take into consideration that we have a new salary for the new city administrator that we didn't have before; which is already in the budget. Accountant Nancy Pepper explained to Council that the City Administrator's salary has always been split as 40% in Admin and 20% each in Water, Sewer and Gas. However, Phil Sagebiel is suggesting that for next year, we split Dora V. Rodriguez' salary as City Secretary as 20% Admin, 20% Gas, and the rest in Sewer and Water because she will be overseeing the Sewer and Water Departments as much or more than she has. And, this will shift some of the expense off of the General Fund, and into a fund that can take care of the expense. Council agreed.

Council held discussion on Streets. Right now we have \$100,000 in Streets. Interim City Administrator told Council that we have goals we'd like to meet, but we may need to put some of those on hold. Do we want to hold off on not doing as many streets, and maybe just doing a couple? Alderman Cortez commented that he would prefer to see a cut in the Streets and not with the Department Heads.

Discussion was held on possibly renegotiating contract with Blake on the brush pickup. According to Mayor Beck, it could take the burden off of Blake to do away with the brush. Interim City Administrator told Council that we did that; we need to also look at equipment and manpower. Council held discussion.

As far as the tax rate, Alderman Lance commented that he can't see us dropping below .5900 in the tax rate. More discussion was held on the effective tax rates. Accountant Nancy Pepper also offered a Plan B. She said right now if we go with .5900, we would have \$533,000 in General Fund; if we go with .6000, we would have \$544,000; and if we go with .6100, we would have \$555,000. She said it goes up \$11,000 in the General Fund for every point.

Council held discussion on doing Anderson and Bluebonnet Streets; lengthy discussion was also held on doing sidewalks.

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Interim City Administrator also discussed \$1,300 is the cost of a new computer for Darrell, Code Compliance Officer. Discussion was also held with Mike McIntyre, computer technician, on possibilities of trimming down more the cost of Darrell's computer.

Council was reminded that we still don't have any health or fuel rates plugged in. We will be looking at the fuel rates next time.

Council requested to:

- Put a hold on Anderson and Parker Streets
- Do Bluebonnet Street
- Go with .5900 effective tax rate
- Get with Mike on trimming down on the cost of Darrell's computer, but to amend the budget this year, so we won't have to do it in next year's budget.

There being no further business to come before the governing body, motion was made to adjourn the meeting.

Mayor

City Secretary