

**Minutes
Regular Meeting
August 18, 2009**

On this 18th day of August, 2009, at 6:00 p.m., the City Council of the City of Devine convened in a Regular Meeting/Budget Workshop; 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 Jerry Beck
Alderman John Ramirez
Alderman Frank Cortez, III
Alderman David Espinosa
Alderman Hal Lance
Alderwoman Marina M. Antu

Thus, constituting a quorum.

Personnel present: Dora V. Rodriguez, Interim City Administrator/City Secretary; Ofilia Pedroza, Assistant City Secretary; Nancy Pepper, City Treasurer; Tom Cate, City Attorney; Rob Flores, Chief of Police; Billy Grote, Director of Public Works; Ismael Carrillo, Superintendent of Public Works; and Barbara Moore, Library Director; and Darrell Rawlings, Code Compliance Officer.

Others present: Sandy Herrera – Devine News; James LaCombe – Medina Valley Times; Pete Maldonado and Joe Ramos, San Antonio, Texas; C.E. (Curly) Brehm, Bruce McWhorter, Glen Dale Estep, and Russ Pumphrey, Devine Airport; Howard Hicks, Louise Lewis, Carl & Beverly Baltz, Steve A. Lopez, Andrew Zapata, Mr. & Mrs. Allen D. Sansom, Jr., Felix Villarreal, Sonia J. Lance, Geoffrey Groff, Carl Brown, Troy Martin, Wanda Gardner, and Fred Morales of Devine, Texas.

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 – Interviews for City Administrator Position

At 6:05 p.m., Mayor Beck announced to the public that the Council would go into a Closed Session. At 7:05 p.m., Closed Session was opened to the public.

No action was taken.

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

No action was taken.

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

The third order of business was the Visitors/Citizens Forum.

No one signed up to speak under this item.

The fourth order of business was to discuss and consider approval of Minutes: Regular Meeting July 21, 2009; Special Meeting July 28, 2009; Special Meeting August 4, 2009; and Special Meeting August 11, 2009.

City Council reviewed minutes.

Motioned by Alderman Cortez, seconded by Alderman Lance to approve minutes for Regular Meeting July 21, 2009; Special Meeting July 28, 2009; Special Meeting August 4, 2009; and Special Meeting August 11, 2009.

Ayes	--	All
Nays	--	None

Motion carried.

The fifth order of business was to discuss and consider approving Franchise Contract with AEP.

Mayor Beck stated that the only major difference that he could find is that there is no time frame in the contract that AEP is proposing. Mr. Arce commented that it's not finalized yet; there will be a time frame similar to the contract they have with San Angelo. Mr. Arce stated that he and City Attorney Tom Cate have been meeting and they've agreed to disagree, but they are working on it. He stated that he does believe they can make some progress to resolve this. He explained they have been working without a franchise for about two years, since September 13th. He said some of the important things that they've addressed have been the permitting system that was implemented; the tree trimming practices; and the digging when construction takes place; and being responsible to leave the area as it was found when AEP does some type of construction.

Mayor Beck commented that one of the differences he found in the contracts is that the one that AEP is proposing does not go into as much detail as the one City Attorney Tom Cate is proposing as far as repairing worksites after completion. Mr. Arce talked about working on the items in Section 4 towards incorporating them into the shorter model; that is something they can work towards resolving. Tom mentioned that the contract they got from San Angelo just goes into more detail than what AEP's been proposing. Mr. Arce held discussion on the contract they have with San Angelo and the different factors involved. He told Council that what he is hoping to accomplish is to work towards adding those areas in Section 4 to the contract that he prefers, to see if that is acceptable to try to work out an agreement.

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City Attorney Tom Cate told Council that he and Tony Arce met previously and Tony was supposed to go talk to his legal department to see if they would allow him to give us a little more on this, and he has not talked to Tony since then. Mr. Arce told Council that is the expansion they are working on, to include the Section 4 items. Mayor Beck asked Tony Arce that if he were to replace this Section 4 with this Section 4, if it would be acceptable to his legal department. Tony Arce responded that he could present that. He added that if it is something that can be incorporated, maybe there'll be some fine tuning; maybe there will not, but would that be something that we can move forward with. Mayor Beck commented that this is what the holdup is.

City Attorney Tom Cate said he told Tony Arce that this is really a Council decision. He said that AEP's legal department is not going to budge; what they presented is what we had to accept. City Attorney Tom Cate said he doesn't agree with that, and that's why we're here tonight. He said this is the first time he hears that AEP might give us what we're asking for at least in the tree trimming and on the repairing of our roads; this is the first concession that he's seen.

City Attorney Tom Cate recommended that they need more time; they can't just replace Section 4, it needs to be more detailed. Council discussed a time frame of 30 days.

Interim City Administrator Dora V. Rodriguez inquired with Tony Arce about Asplundh, the company that AEP contracts to do tree trimming around town. She wanted to make sure he's had a chance to talk to them because we get a lot of phone calls at the City office from citizens complaining that Asplundh left tree trimmings behind and the City needs to pick them up. He advised that they will be told they need to stop by the City office to notify us that they will be working in the area, and he said that it is in the agreement that they will be disposing all of the tree trimmings.

Motioned by Alderman Espinosa, seconded by Alderman Ramirez to table this item to allow City Attorney Tom Cate and Tony Arce time to negotiate the contract and get back with Council within a 30 day time period, for the September 15, 2009 Regular Meeting.

Ayes	--	All
Nays	--	None

Motion carried.

The sixth order of business was to discuss and consider Airport Leases.

C.E. (Curly) Brehm began by talking about the airport as he passed out some handouts. He told Council that the information on this handout was not exactly correct; it's actually not high enough. Mr. Brehm spoke of sales being at \$2 Million and taxes paid at \$34,000 over a 90 day period. He said they used to employ 20 people but now it's down to 12-13 people.

Alderman Cortez stated his concern is that the leases don't bring in enough money to cover the annual city maintenance by Public Works at the Airport. According to City Treasurer Nancy

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Pepper, the City spends roughly \$8,300 annually for Public Works to do maintenance at the Airport. Alderman Lance stated his concern is that we don't have a line item showing taxes collected from the airport. Discussion was held that the State Comptroller won't verify the taxes coming in, so it's something that we cannot see, and what we have is incomplete information. City Attorney Tom Cate stated that the tax information is confidential.

Mayor Beck inquired if the airport lease has been approved. Mr. Brehm told Council that we've had so many leases going back and forth. He said he wanted everyone to have exactly the same lease and to be on the same page, so he handed Council a copy of a lease; he said the lease was last revised in 1991-'92. Council looked at the lease City Attorney Tom Cate revised on July 24, 2009. Tom stated that it hasn't been revised yet; he said that is what we are working on. He asked Curly if his handout was the same. Curly stated that this was exactly like the one that said at the top "revised by C.E. Brehm". Discussion was held between City Administrator Dora V. Rodriguez and City Attorney Tom Cate over comparison of the leases that were faxed or emailed to him for review. Curly stated that this was the one he had sent to everybody, and everybody signed off on it. He asked Tom if he had gotten the one with the yellow highlights, and assured Tom that this was it. Tom stated he knew he had worked on that afterwards. Curly said not after the one with the yellow highlights; he said the only thing he changed there was some punctuation, and he took his name off of it. Alderman Cortez asked if this was the same thing that they had before. Curly said it was, with the exception that it has a 3% CPI adjustment in it, at the very beginning; and it has access to the runway that we were talking about, and it's got an opportunity for all the lessees to renew after the 30 years at the going rate and conditions at that time; and if the city sells the airport, they have a right to buy their property and it gives them the right to do that.

Mayor Beck and Mr. Brehm held discussion over the items in the Tenth Section of the lease.

City Attorney Tom Cate stated that he needed more time to review this because there were changes added that he's not seen before. There was discussion between Mr. Brehm and City Administrator Dora V. Rodriguez over the last copy of the lease he had submitted. She stated that she's forwarded everything she has received over to Mr. Cate. However he insisted he didn't feel comfortable and needed to review all of the changes submitted.

Alderman Cortez inquired about the last time the rates on the airport leases have been increased. City Administrator Dora V. Rodriguez commented that she's been with the City for 25 years, and it's been at least 15 years since the last increase. Alderman Cortez feels they need to pay their fair share to at least bring in enough money to cover the cost of the maintenance done at the airport. He said he doesn't want the City to make money off of it; he would just like to see it break even. Mayor Beck stated that's something that can be addressed at the next meeting before the approval of the leases.

Motioned by Alderman Ramirez, seconded by Alderwoman Antu to table this item for 30 days, for the September 15, 2009 Regular Council Meeting, to allow City Attorney Tom Cate time to review the changes in the lease.

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Ayes	--	All
Nays	--	None

Motion carried.

The seventh order of business was to discuss and consider request made by Andrew Zapata for a potential community park partnership with Devine Little League/Devine ISD/County and City.

Mr. Andrew Zapata addressed City Council. He told Council that it's not a request at this point but just an opportunity to bring the City on board with a possible opportunity of moving forward with a community park for the City of Devine. He approached the Devine Little League board about a possible 4-Plex Ball Park, and they are very interested. He's also approached the Devine ISD School Board, and they are also interested. He mentioned that the site he's talking about is just west of Devine High School which has always been used for agriculture, and currently they have a lease with Mr. Outlaw. The school sees the need for something like this; there's actually a shortage of practice fields and playing fields for the kids and open green space. He is projecting a 10-12 acre site, just for a 4-Plex Ball Park. Above and beyond that, he said he'd need to do an assessment of what this park is going to be. If we can get some City buy-in or County buy-in or even State funding for additional playground type materials, then we can start identifying that additional acreage and get together an overall concept to present to the school district so we can move forward with it. Without identifying those sites, it will be hard to go out and get those funding aspects in place.

Mr. Zapata said his idea is to take the initial thought of a ball park concept and expanding it into a master plan idea of a park atmosphere that would be a community wide project. He told Council that he is in the initial stages right now in needing to identify a site; then the funding sources will start falling into place. Right now, he said, he needs support and is just trying to see who is on board with him. He continued to discuss his master plan concept in detail, and presented some short term and long term plans.

Mr. Zapata had some positive feedback from Council and from members of the audience. Council told Mr. Zapata that when he comes back with numbers, reality will set in, but it is something that the City is definitely interested in. Mr. Zapata said he fully understood and said that would be his next step.

Council gave Mr. Zapata their blessing on this project.

The eighth order of business was to discuss and consider request by Howard Hicks on waiving permits for another house to be moved in at 208 Coker due to the House Fire.

Mr. Hicks addressed City Council. He explained he had moved a house to 208 Coker but due to a fire, he suffered a loss of \$25,000 on it; he said the City also lost out on future taxes. He told Council he would like to have the permits waived to be able to bring in another house which he said will be larger, with stone siding. His intention was to put two houses there, and he's down to one.

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When asked if the house that burned down was insured, Mr. Hicks told Council that it was not because it's very expensive to insure a vacant house.

Darrell Rawlings, Code Compliance Officer, informed Council that back in April, Mr. Hicks came to the City asking to be allowed to move a house into the City on property lots that he had acquired from a tax sale. Darrell explained that these were problem lots as far as maintenance was concerned. He said the deed and tax roll indicates that it is two lots, and Mr. Hicks' desire was to place two houses there on these two lots. Mr. Hicks submitted his application along with photographs of the house. Our city building inspector went and inspected the house before it was moved in, the site was checked and the permits were issued for the house to be moved in. Code Compliance Officer Darrell Rawlings explained to Council that the house he wanted to move in was 675 square feet, but Class A Zoning requires a minimum footage of 750 square feet. He explained that when Mr. Hicks was made aware of this, he agreed to do a 96 square foot addition to the house (of a bathroom and utility room) to meet the minimum square footage requirement.

Code Compliance Officer Darrell Rawlings also explained that permits were issued and all inspections had been conducted except for the final inspection. He said the inspection had been conducted on the meter loop two days prior to the fire, and electricity had not yet been established. Darrell spoke to Council about Mr. Hicks obtaining signed petitions from neighbors on both houses (one for each lot) confirming that they were okay with it. Mr. Rawlings stated that the house to be moved in (after the fire) is a much larger house with stone siding, but it has raised a lot of concerns with the neighboring property owners concerning how close it is to other properties, and they have concerns about another home being moved in there. He went into great detail to explain the different permits and inspections conducted on the initial house and on the proposed home to be moved in. He explained that it is Mr. Hicks' desire to move this house in. However, it is being brought before Council to have the permit fees waived or to have a reduction in the permit fees to have this house moved in, and to hear concerns from neighboring property owners about the home being moved in.

City Council heard comments from several neighboring property owners who mostly all stated that they were against Mr. Hicks moving in this house. Someone inquired if arson had been the cause of the fire. Chief Flores stated that that's what they are thinking it is, but he could not comment any further because it was under investigation. Others spoke of damage they had received to their properties and vehicles due to the embers of the fire. Some commented that they had no objection to one house being moved in, but did have a problem with two houses. Negative comments were made towards Mr. Hicks not even showing up the day of the fire, and not offering to replace damaged trees, or anything else.

Mr. Hicks asked if he was to be blamed for the fire. He reminded everyone that the subject was permits because he already had the authority to move the house in.

Mayor Beck inquired if the permits would have been paid anyway without the loss of the house. Code Compliance Officer Darrell Rawlings explained that if this house had not been lost to the fire, the house was placed in compliance with the spacing requirements according to the ordinances. He

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added that if this house had not burned, the final inspection was the only inspection remaining to be done, and the permits would've had to be paid in order for the second house to be moved in.

More discussion was held with comments from neighboring property owners. Code Compliance Officer Darrell Rawlings stated that right now Mr. Hicks is in compliance with city ordinances; however, if he decides to move another house in, he would have to get another petition signed from the neighboring property owners, or he would need to build a new home. Mayor Beck stated that at this point, he's already been approved to move in the second house, but all he's wanting now is for Council to waive the permit fees.

Council held further discussion with Code Compliance Officer Darrell Rawlings in regards to the time frame required from start to finish. He stated that there are time frames allotted once a house is placed on a lot. He explained that in 45 days, the exterior work on a house needs to be finished; and 45 days after that, the interior work needs to be completed, for 90 days total. Mr. Rawlings stated that after the 90 day period, Mr. Hicks still lacked the final inspection and was not up to standards; he exceeded his time limit.

Motioned by Alderman Ramirez, seconded by Alderman Cortez not to waive the permit fees for another house to be moved in at 208 Coker, as requested by Mr. Hicks.

Ayes	--	All
Nays	--	None

Motion carried.

The ninth order of business was 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 (TDHCA) for the Owner-Occupied Housing Assistance Fund; and authorizing the City Administrator to act as the City's Executive Officer and authorized Representative in all matters pertaining to the City's participation in the Home Program.

Interim City Administrator Dora V. Rodriguez informed City Council that we are applying for another Home Program, for six more homes.

Motioned by Alderman Ramirez, seconded by Alderman Espinosa to adopt Resolution 08-09 authorizing the submission of a Texas Home Investment Partnerships Program Application to the Texas Department of Housing and Community Affairs (TDHCA) for the Owner-Occupied Housing Assistance Fund; and authorizing the City Administrator to act as the City's Executive Officer and authorized Representative in all matters pertaining to the City's participation in the Home Program.

Resolution 08-09 attached as Exhibit A

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Ayes	--	All
Nays	--	None

Motion carried.

The tenth order of business was to discuss and consider recommendation of the Planning and Zoning Commission for meeting held on August 17, 2009:

- a. Request made by Fred Morales to vacate Tract 4 (11.22 acres) of the Morales Acreage Subdivision which is located between State Highway 173 (Hondo Ave W.) and County Road 7610 (Colonial Parkway W.) and replat to include a 1.00 acre adjoining property.

Mr. Fred Morales addressed City Council and said that he's just trying to create plenty of room so that when he expands, he won't have the issue that we're dealing with here; he wants to have enough room to be able to setback off property lines and follow all of the requirements needed. He explained that what he is doing is acquiring the land that's available around his business which goes all the way back to Colonial Parkway. He said there's a warehouse back there that belongs to a third party that he's able to acquire. He explained that in the process of acquiring this land, he wants to replat it so that it's all in one piece; he will end up with 12.2 acres of land that he can be able to manage the growth of his business for awhile. He told Council that he met with the Planning and Zoning Committee the day before, and they were in 100% agreement that it made good sense to do it. Now, he needs City Council's approval for the replat.

Alderman Espinosa asked Code Compliance Officer Darrell Rawlings if he had found anything on why we shouldn't be able to do this.

Code Compliance Officer Darrell Rawlings stated that he has the final copies of the plat. He stated there was only one minor change that was brought to his attention by the City Engineer and the City Attorney; it was the wording on one statement on the plat notes but it was re-worded and corrected. He said as far as the property, consolidating this additional one acre that was not platted before into the subdivision, the lot has double road frontage, it has utility service on it already, and it meets all of the requirements. He explained it was in conformance with our ordinances and, by law; we have to approve it if it meets all of the requirements.

Motioned by Alderman Espinosa, seconded by Alderman Lance to accept Planning and Zoning's recommendation to approve request made by Fred Morales to vacate Tract 4 (11.22 acres) of the Morales Acreage Subdivision which is located between State Highway 173 (Hondo Ave W.) and County Road 7610 (Colonial Parkway W.) and replat to include a 1.00 acre adjoining property.

Ayes	--	All
Nays	--	None

Motion carried.

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The eleventh order of business was to discuss and consider Service Plan for the Voluntary Annexation of the Paradigm Subdivision – Lot 2 and Pt. 1 located on State Highway 132.

Interim City Administrator Dora V. Rodriguez informed City Council that this is the next step of the annexation process that needs to be done. She explained that once Council approves this, then the next step will be for City Attorney Tom Cate to draw up an ordinance.

Motioned by Alderman Ramirez, seconded by Alderman Espinosa to approve the Service Plan for the Voluntary Annexation of the Paradigm Subdivision – Lot 2 and Pt. 1 located on State Highway 132.

Service Plan attached as Exhibit B.

Ayes	--	All
Nays	--	None

Motion carried.

The twelfth order of business was to discuss and consider awarding proposal for the Purchase of 87 Octane Unleaded Gasoline #2 Diesel Fuel.

Mr. Geoffrey Groff was available to answer any questions for City Council. Alderman Lance asked for the definition of rack price. Mr. Groff explained that the rack price is what they (fuel companies) pay for the price of fuel. He said every evening they get a rack price, which is their purchase price for fuel for the following day; it's a wholesale price. He explained rack prices change sometimes three to four times a day, but normally the price is good from 6:00 to 6:00 the following day.

Interim City Administrator Dora V. Rodriguez told Council that Pico's usually turns in a bid, but we didn't get one from them this year.

Motioned by Alderman Ramirez, seconded by Alderman Espinosa to approve awarding the Fuel Contract to Exxon for the Purchase of 87 Octane Unleaded Gasoline #2 Diesel Fuel.

Ayes	--	All
Nays	--	None

Motion carried.

The thirteenth order of business was the Reports, namely:

- City Secretary's Report – Council reviewed report.

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- City Treasurer's Report – Accountant Nancy Pepper told Council that the treasurer's report was in their budget report. She told Council that we did move almost all of our money out of the Lone Star account and put it into CD's because the rates are so much higher.
- Public Works – Director of Public Works Billy Grote reported that there have not been any busted pipes. He also reported that the Harrison Well is up and going and all Carrizo wells are doing well. Superintendent of Public Works Ismael Carrillo told Council that the gas line on Highway 132 is complete, and all they are waiting for is a pressure test. Interim City Administrator Dora V. Rodriguez reported that the Railroad Commission will be coming down in September for their annual audit; only this time it will be for four days instead of one day, from September 8th to September 11th.
- Police Chief's Report – Police Chief Flores reported that Animal Control Officer Austin Bayne got hurt on the job; he hurt his back and his head, and he will be out for awhile. Chief Flores reported that they are still working on constructing the gas chamber. There was discussion on the grackles moving around.
- Driscoll Public Library – Interim City Administrator Dora V. Rodriguez reported that the Library will be closed this week because they are going through a system conversion.
- Chamber of Commerce – Council reviewed report; no one was available for the meeting.

The fourteenth order of business was Informational Items.

Interim City Administrator Dora V. Rodriguez informed City Council that she faxed John Barron, of Alamo 1, some information that she got from TECQ, and he told her that he's looking at beginning on August 24th to start getting things ready. Alderman Ramirez inquired about Hester Park. City Attorney Tom Cate said the other lawyer gave him a large stack of paperwork which he turned in to the surveyor, and he is reviewing it. Interim City Administrator Dora V. Rodriguez told Council that even though they are reviewing it, once she gets the okay from the Texas Parks and Wildlife that we can start knocking down trees, we've got to start. She said our deadline is July 2010. Mayor Jerry Beck announced that there is a foundation interested in purchasing playground equipment for the park.

Ms. Wanda Gardner told City Council that she couldn't stay for the Budget Workshop, but she wanted them to consider some things. She reminded Council that last year she had asked for an increased exemption for senior citizens. Ms. Gardner discussed the Home Program and how some people get free housing; and she also spoke of increased appraisals. She told Council she's not asking for any handouts, but asked them to take into consideration some kind of relief in tax rates and exemptions for senior citizens. Ms. Gardner encouraged Council to shop in Devine and spend our money in Devine.

BUDGET WORKSHOP

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Mayor Beck announced that we've cut the deficit down from \$133,000 to \$7,790 and Dora V. Rodriguez, Interim City Administrator, is looking for more ways to cut to be able to balance the budget.

Accountant Nancy Pepper told Council that we are almost at a balanced budget, and she has plugged in the .5900.

Sewer and Water – There is a 2% increase in rates.

Gas – There's a 6% increase in rates. Gas is still at a deficit of \$39,000.

Animal Control Vehicle – Chief Flores reported that the Animal Control Vehicle is on its death bed. He is going to take the blue tow truck and turn it into an Animal Control Vehicle but he will need to make some adjustments to it such as re-marking the truck; replacing the light bar; and downsizing the cage in back of the truck. Chief Flores said it will come out to approximately \$2,000 to get the truck ready for Animal Control use. He said it will cost \$1,816 as is, and \$2,000 to make the changes. He said he will try to come in cheaper. Discussion was held on going with cheaper cages; the ones that the Sheriff's Office uses are \$6,000; but Chief Flores is looking at only \$726 total for cages. Alderman Cortez told Chief Flores that he has his blessing on this.

Accountant Nancy Pepper told Council that Chief Flores had looked at his budget today and had found some other areas to cut down on expenses that will help with the \$7,000. Interim City Administrator Dora V. Rodriguez did cut down on some expenses, but then Chief Flores cut down some more.

Accountant Nancy Pepper told Council that we tried to tweak in all areas of the budget. She told Council that she did put in a 3% COLA increase, as instructed by Interim City Administrator Dora V. Rodriguez. She said it will be totally up to Council to approve but they wanted Council to see what the figures look like. Interim City Administrator Dora V. Rodriguez told Council that the \$7,000 includes the 3% COLA.

Discussion was held on possibly holding an auction to get rid of some of the old vehicles.

Mayor Beck commented that what Accountant Nancy Pepper and Interim City Administrator Dora V. Rodriguez have done with the budget, looks good. He added that if the Gas System sells, it will be better.

Interim City Administrator Dora V. Rodriguez informed Council that Superintendent of Public Works Ismael Carrillo has talked to one of the employees from West Texas Gas, and he informed Ismael that they are looking more and more into buying our gas system, and said they will be giving us a call to set up a meeting to go over things. So, that will have a definite impact on the budget.

Council held further discussion on the COLA and merits. Interim City Administrator Dora V. Rodriguez told Council we are only looking at 3% COLA, but no merits for this year. She said last

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year it was 3% COLA and 3% Merit. Accountant Nancy Pepper told Council that Interim City Administrator Dora V. Rodriguez did contact a lot of cities to find out what they were doing as far as the COLA and merits, and most cities are only going with a 3% COLA and no merit because of the economy. Council was also informed that there is no Longevity Pay in the Budget. Alderman Cortez said he would like to see the Longevity Pay back on the budget for next year. He also expressed concern over the possibility of the gas system not selling. Discussion was held on this.

All Council members felt good about the budget, knowing that we will be in the positive (and not in the negative) in the General Fund.

Accountant Nancy Pepper told Council that one thing that Financial Advisor Phil Sagebiel had brought up is extra tax that can cover streets. It's something that would have to be voted on by the taxpayers, but he said that you can have an increase of $\frac{1}{8}$ to $\frac{1}{4}$ percent in your city's sales tax that is designated solely for street repair. She explained it goes over only a four year period; it would have to be renewed by the voters every four years in order to be able to do it. She said it would bring in between \$80,000 and \$90,000 at year end that could be used (if it was at $\frac{1}{8}$ of a percent of city sales tax) for streets; but, it has to be used for existing streets that were there at the time it was passed. She said it cannot be used for new streets and she believed it couldn't be used for curbs or sidewalks. However, it can be used for paving and repairing the streets and possibly seal coating streets that we have in existence at the time it is passed. Accountant Nancy Pepper stated that it's another way of taxing the people, but by doing it this way, everybody pays. She explained that, for example, everyone who comes into Devine and buys something at Valley Mart; they would be paying this tax instead of just the property owners. She told Council that it was just something to think about and added that the city sales tax cannot go past 2%; ours is at 1.5%.

Council was okay with the budget, and Accountant Nancy Pepper told Council that we will find what we need in order to balance.

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

Mayor

City Secretary