

**MINUTES
OF
CITY OF WHARTON
SPECIAL CITY COUNCIL MEETING
JULY 29, 2002**

Mayor Garland S. Novosad declared a Special Meeting duly open for the transaction of business at 6:10 p.m.

Councilmembers present were: Mayor Garland S. Novosad, V. L. Wiley, Jr., Darryl Darnell, Ken Freese, Don Mueller and Domingo Montalvo, Jr., and Bryce Kocian.

Councilmember absent was: None.

Staff members present were: City Manager, Andres Garza, Jr., Finance Director Joyce Vasut, and Deputy City Secretary Lisa Stavena.

Visitors present were: Ron Sanders with Wharton Journal Spectator and Paul Daly with KULP.

The third item on the agenda was Discussion: Budget Workshop for the City of Wharton 2002-2003 Fiscal Year Budget.

- A. General Fund.
- B. Hotel Motel Fund.
- C. Narcotics Seizure Fund.
- D. Dare Fund.
- E. Water & Sewer Fund.
- F. Solid Waste Fund.
- G. Emergency Medical Services Fund.
- H. Civic Center Fund.
- I. Airport Fund.

City Manager Andres Garza, Jr. presented the City Council with the Revenue Projections for the Fiscal Year 2002-2003. He stated that the three most critical expenditure items were Health Insurance, Property & Casualty, and Workers' Compensation Insurance. He stated that Finance Director Joyce Vasut increased the Health Insurance budget by 25%, the Property & Casualty by 20%, and Workers' Compensation Insurance by 15%. The Health Insurance coverage bid opening would be on August 20, 2002 and the Property & Casualty, and Workers' Compensation Insurance Bid Opening would be on September 5, 2002. He stated that all the Department's Capital Outlay Requests had been removed from the budget, except for the Police Vehicles. Mr. Garza also stated that an increase for employee's salaries was not included in the fiscal year 2002-2003 budget, since the General Fund projected expenditures exceeded the revenue by \$56,490 at this time. Finance Director Joyce Vasut presented the 2002 Property Tax Rates to the City Council. She stated that this year's effective tax rate was .61331/\$100, which was calculated by dividing this year's adjusted tax base into last year adjusted taxes. She said this year's effective operating rate from the General Fund was .41553/\$100 and the maximum effective operating

rate was .44877/\$100 or 8% greater than the effective operating rate. This year's debt rate was .13674/\$100 which was about 5.5 cents less than last years debt rate due to the shifting of debt from the General Fund to the Water/Sewer Fund. Based on this, she said that the 2002 roll back rate was .58551/\$100. The rollback rate was less than the effective tax rate due to the shift of debt and 8% limit on the amount of the increase in operating rate. She stated that the Analysis of Property Tax Rates reflected the total tax rate of 0.58551, General Fund Tax Rate of 0.44877, Debt Service Tax Rate of 0.1374, and the Assessed Value of \$304,759,784, which would generate \$1,326,630 of General Fund Revenue.

Mayor Garland S. Novosad stated that he did not have a problem with the proposed budget, however he was concerned that the City Council could not address the employee's salaries. He stated that in the future the City Council would need to increase sales tax and/or revenue base.

Finance Director Joyce Vasut stated that the Reliant Energy franchise fee for October - December, totaled \$133,217 which was before de-regulation. January - March was the first quarter after de-regulation and the attorneys were looking into the Reliant Energy Franchise Fee. Information was requested from Reliant Energy. Mayor Garland S. Novosad questioned who Nan Ya Plastics was using as their electric service provider. He stated that he would check, and that could be the possibility of the decrease.

Mayor Garland S. Novosad questioned the completion date of the Wastewater Treatment Plant No. 2, since the improvements would increase electric cost. City Manager Andres Garza, Jr. stated that the completion date was scheduled for May 2003. Finance Director Joyce Vasut stated that the City of Wharton has not paid for the electric service provided by TXU since January 2002. She stated that the street lighting was still provided by Reliant Energy.

Finance Director Joyce Vasut stated that a 15% rate increase for Water and Sewer charges would be necessary to fund the operations and to make the Water/Sewer Fund balance. Finance Director stated that the City Staff contacted City of Bay City, City of Port Lavaca, City of El Campo, City of Richmond and City of Katy in order to compare the water and sewer rates and the 15% increase for water service would still have the City of Wharton \$1.27 or 13.85% below the average for 2,000 gallons of water, \$0.76 or 7.42% below the average for 3,000 gallons, \$0.90 or 7.48% below average for 4,000 gallons, \$0.99 or 7.22% below the average for 5,000 gallons, and \$2.80 or 11.68% below the average for 10,000 gallons. Finance Director Joyce Vasut presented the proposed sewer charges to the City Council, which reflected \$0.45 or 4.79% above the average for 2,000 gallons, \$0.63 or 5.92% above the average for 3,000 gallons, \$0.21 or 1.67% above the average for 4,000 gallons, \$0.15 or 1.04% below the average for 5,000 gallons, and \$3.09 or 12.08% below the average for 10,000 gallons. Councilmember Bryce D. Kocian suggested that the base sewer rate remain at \$8.50 and bump up the steps to make up the difference. Councilmember Darryl Darnell questioned how the sewer rate was calculated for residential customers. Finance Director Joyce Vasut stated the sewer rate was determined by the winter water usage in December, January, and February and the new rate was implemented in March for twelve months. City Manager Andres Garza, Jr. stated that Nan Ya Plastics and Gulf Coast Medical Center had meter outflows, which were not based on water consumption. Councilmember Don Mueller stated that the base sewer rate should not be increased until consumption exceeds 5,000 gallons.

Mayor Garland S. Novosad stated that elderly, fixed income individuals would be hit with the water and sewer increase and then possibly a garbage rate increase. City Manager Andres Garza, Jr. stated that he met with Waste Management in June and then sent a letter, however he had not received a response from them. He said that under the current agreement, the City of Wharton or Waste Management must give a 90-day termination notice prior to October 1st or the contract would automatically renew itself for one year. He then stated that he would forward copies of the complaints received and complaints that were still outstanding to the City Council for their review.

Councilmember Bryce D. Kocian stated that the City of Richmond charges a \$50.00 variance fee, which the City of Wharton could implement.

Councilmember Darryl Darnell stated that the City of Wharton could also implement an occupancy fee.

Mayor Garland S. Novosad stated that the City Staff should encourage the Central Appraisal District to auction property sooner. City Manager stated the delinquent attorneys work on the larger accounts first. He stated that the City Staff would request a delinquent tax roll from Pat Kubala's Office.

City Manager Andres Garza, Jr. informed the City Council that the Finance Committee will review the proposed budget with the increases to the water and sewer rates and will present the proposed budget to the City Council on August 26, 2002.

The fourth item on the agenda was adjournment. Councilmember Don Mueller made the motion to adjourn. Councilmember V. L. Wiley, Jr. seconded the motion. All voted in favor.

The meeting adjourned at 7:45 p.m.

CITY OF WHARTON, TEXAS

By: _____
GARLAND S. NOVOSAD
Mayor

ATTEST:

JOYCE VASUT
City Secretary