

**MINUTES
OF
CITY OF WHARTON
SPECIAL CITY COUNCIL MEETING
JULY 19, 2010**

Mayor Domingo Montalvo, Jr. declared a Special Meeting duly open for the transaction of business at 6:03 P.M.

Councilmembers present were: Mayor Domingo Montalvo, Jr., Councilmembers V. L. Wiley, Jr., Lewis Fortenberry, Jr., Terry David Lynch, Don Mueller, Bryce D. Kocian, and Jeff Gubbels.

Councilmember absent was: None.

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

Visitors present were: Barry Halvorson with Wharton Journal Spectator and Ron Sanders with Wharton Chamber of Commerce and Agriculture.

The third item on the agenda was Budget Workshop: City of Wharton 2010-2011 Fiscal Year Budget:

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

Finance Director Joyce Vasut stated that general fund revenues for fiscal year 2010 were budgeted at \$5,127,155. She stated that the 2010-2011 proposed budget for expenditures was \$4,765,921. She stated that there was a difference of \$361,234. She stated that the sales tax revenues was currently 10% below budget and was estimated at 10% for the remaining of 2009-2010 fiscal year. She stated that the Industrial District Payment was decreased by \$194,684 from tax year 2009 to tax year 2010, which was based on the estimated value provided by the Wharton County Central Appraisal District.

Mrs. Vasut stated that the general fund expenditures had the following changes:

- Health insurance – 11% increase
- No cost of living increase
- Slight decrease in electricity cost (4th quarter).

She stated that the general fund proposals to offset sales tax decrease was:

Decrease expenditures:	
Three police vehicles	\$ 63,000
Boys & Girls Club	\$ 15,000
Just Do It Now	\$ 15,000
Public Works Position	\$ 40,000
Total	\$133,000

She stated general fund proposals to offset decreases in industrial district payment:

Increase revenues:

Increase tax rate

Decrease expenditures:

Cut services

Cut positions

Ms. Vasut stated that a \$0.01 increase in the tax rate was equal to \$41,000 of revenue for the City, based on the preliminary values from Wharton CAD. She stated there was a specific process required by State law for adopting a tax rate greater than the effective tax rate. She said that there were several steps involved in that process including posting and holding two public hearings.

She stated the Hotel/Motel fund 2011 proposed budget included:

Decrease in revenues of \$60,000, Chamber of Commerce submitted a request for \$56,244, which was the same as last year.

The Cash Balance of September 30, 2010 was estimated to be \$0; therefore the transfer to the Civic Center would have to be reduced by \$60,000.

Ms. Vasut stated that the Seizure fund expenditure for 2010 would exceed revenues by \$15,942 and the Cash Balance of September 30, 2010 was estimated to be \$0. She said that if revenues of \$27,000 in 2011 were not received, expenses or transfer to the General Fund must be reduced.

She stated that the debt service requirement for 2011 was \$716,250, which was \$18,439 less than last years general obligations. She said that the estimated balance as of September 30, 2010 was \$350,000 and the City of Wharton's internal policy was that the Fund balance should be equal to one year debt service requirement.

Mrs. Vasut stated that the Capital Improvement Fund in fiscal year 2009-10, street improvements were funded at \$125,000, the proposed budget included the \$75,000 funding from the Water/Sewer Fund and \$50,000 for the Solid Waste Fund.

She said that the Water/Sewer fund revenues remained level. She said that there could be a decrease in water and sewer line maintain by \$80,000 each, since there was funds in the 2009 Bond Fund available for maintenance items. She stated that the interest payment would be increased by \$56,000 and the depreciation would be increased by \$93,000 for fiscal year 2010-11. She stated that revenues would need to be increased, expenses decrease or elimination of the Capital Improvement Program in order to improve the cash position of the Water/Sewer Fund.

Councilmember Jeff Gubbels stated that the voters could approve the reduction of the sales tax amount to economic development and to allocate sales tax amount for street improvements.

She stated that the Solid Waste Fund for fiscal year 2009-10 would close with a \$0 cash balance and a due to the General Fund of approximately \$130,000. She stated that for 2010-11 fiscal year, the Capital Improvement Program would have to be reduced in order to improve cash balance. She then stated that the solid waste rates would change effective January 1st based on Consumer Price Index.

Mrs. Vasut stated that the EMS collections was estimated to decrease by nearly \$140,000 from fiscal year 2009 to 2010. She stated that the expenses would remain level. She stated that the capital outlay needs consisted of:

\$67,000 Ambulance match (\$50,000 grant received from Johnson Foundation)

\$108,000 Monitors

\$20,000 EMS vehicle

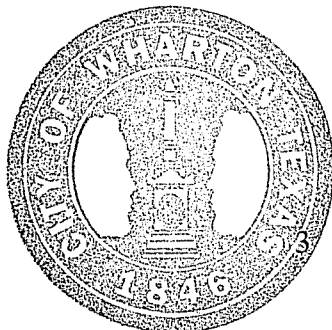
She stated that the capital needs could be purchased through a 3-year lease purchase, which would add \$62,000 for principal and \$8,000 for interest. She stated that the ESD #3 Tax Rate included \$668,919 from ESD. She stated that EMS needed an additional \$70,000 for the capital lease purchase. She stated that the ESD tax rate of \$0.01 was equal to \$130,500, and the current rate was \$0.0425.

She stated that the Civic Center cash balance as of September 30, 2010 was estimated at \$110,000. The Hotel/Motel fund could transfer \$70,000 to the Civic Center but the budget would be short \$100,000 from balancing. She stated that \$48,000 was for depreciation so \$52,000 would be used from the cash balance. Councilmember Don Mueller stated that the Civic Center rentals could be increased by \$50.00.

Mrs. Vasut stated that the Airport fund cash balance as of September 30, 2010 was estimated at \$90,000. She stated that there would be minor increases in expenditures and contractual increases in hangar rental fees in accordance with the Consumer Price Index. She stated that the fund was \$47,000 short from balancing, \$80,000 was for depreciation, \$53,000 of cash would be left for the \$37,495 principal payment and then an increase to the cash balance by approximately \$15,000. She stated that a couple of hangar was available for rental. She then stated that the fuel sales had increased due to the commercial hangar leaser.

The fifth item on the agenda was adjournment. After some discussion, Councilmember Don Mueller made a motion to adjourn. Councilmember Bryce D. Kocian seconded the motion. All voted in favor.

The meeting adjourned at 7:25 p.m.



CITY OF WHARTON, TEXAS


By:


DOMINGO MONTALVO, JR.

Mayor

City of Wharton
Special City Council Meeting
July 19, 2010

ATTEST:



LISA OLMEDA

City Secretary