

**MINUTES
OF
CITY OF WHARTON
SPECIAL CITY COUNCIL MEETING
AUGUST 17, 2006**

Mayor Pro-Tem Don Mueller declared a Special Meeting duly open for the transaction of business at 6:15 P.M. Mayor Pro-Tem then led the Opening Devotion.

Councilmembers present were: Mayor Bryce D. Kocian, Councilmembers V. L. Wiley, Jr., David Samuelson, Ken Freese, Don Mueller, Domingo Montalvo, Jr., and Ray Linseisen.

Councilmember absent was: None.

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

Visitors present were: Brandi Currie with the Chamber of Commerce, and Kris Cerny.

The third item on the agenda was Discussion: Budget Workshop for the City of Wharton 2006-2007 Fiscal Year Budget.

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

City Manager Andres Garza, Jr. presented the City Council with a draft proposed budget for the 2006 - 2007 fiscal year. Ms. Brandi Currie with Wharton Chamber of Commerce and Agriculture addressed the City Council and presented the Chamber of Commerce and Agriculture request for funding from the City of Wharton for the 2006-2007 fiscal year. She stated that the Chamber was currently receiving \$23,450 yearly of which the Chamber had spent \$46,632 on tourism as of July 31, 2006. She stated that the proposed budget for 2006-2007 was estimated at \$55,838. She stated that 45% of the Chamber's time was spent on tourism.

Finance Director Joyce Vasut stated that the effective tax rate was \$0.54997 and the Assessed Value was estimated at \$304,269,521. The projected sales tax was \$1,385,577 to the City and \$692,788 to Wharton Economic Development Corporation. She stated that the General Fund Expenditures included the following:

- 3% Cost of Living

- Increase in Fuel
- Increase in Electricity
- Addition of demolition Expenses through the HOME Program
- Other (Equipment maintenance, and software maintenance)

She stated that the tax revenues in the Hotel/Motel Fund would increase by approximately \$40,000 in the current year over last year due to the new Holiday Inn Express. She stated that there would be approximately \$20,000 excess in the 2005-2006 fiscal year. She stated in 2006-2007, the Hotel/Motel Funds would completely fund the Wharton Civic Center with no funds transferred from the General Fund. She stated that there would be approximately \$9,000 in excess funding estimated for 2006-2007. She stated that the excess funds had been requested by the following: Wharton Chamber of Commerce, Wharton County Freedom Fest, Inc., and The Plaza Theater, Inc. Finance Director Joyce Vasut stated that the Santa Fe Railroad Depot building construction could also be funded with the Hotel/Motel Fund, since it was a historical restoration project. She then stated that the City would be responsible for completion of the project and may need an additional \$30,000. However, she said, she believed the Hotel/Motel Funds could not be used for operational expenditures related to the Depot.

Mayor Bryce D. Kocian arrived.

Finance Director Joyce Vasut stated that the Seizure/Narcotics Fund would have an estimated fund balance of \$32,000. She stated that the DARE Fund would have an estimated fund balance of \$8,000. She stated in fiscal year 2007-2008, there would be a shortage of \$10,000. She stated that currently Wharton Independent School District was contributing \$38,000 towards the DARE Program.

She stated that the Debt Fund would have an increase in debt service in the amount of \$21,000. She stated that the Street Improvement Fund consisted of a transfer-in from the General Fund in the amount of \$25,000 and transfer-in from the Water/Sewer Fund in the amount of \$75,000.

She then stated that the Water/Sewer Fund would have an increase in revenues of approximately \$120,000 due to the installation of the new meters. She stated that the Cost of Living increase would be approximately \$15,400 and the increase in electricity would be \$60,000. She said that the Solid Waste Fund had been operating with a deficit cash balance and; therefore, the City Staff was proposing to increase the service fee from \$1.00 to \$2.00 for commercial accounts and from \$1.00 to \$1.50 for residential accounts to begin reducing the deficit. She stated that the deficit occurred from Tropical Storm Faye. Since the City of Wharton was not declared an emergency disaster area at that time; no federal funds were received for the debris removal. She stated that the EMS Fund was projected on having an increase of over \$50,000 due to the two crews (24/7) and the ability to perform more transfers. She stated that the collections were currently at 57%. She said that the City had requested \$203,500 from Wharton County, which would be \$10,600 more than 2005-2006 fiscal year. She said that the General Fund transfer would be \$185,000 plus other funds of \$52,000. She stated that she had included the purchase of a generator for the EMS building in the amount of \$50,000.

Finance Director Vasut stated that the Civic Center fund would not receive any transfers-in from the General Fund since the Hotel/Motel Fund would fully fund the operations of the Civic Center. She

stated that the Airport Fund budget did not include the Airport Improvement Project. She stated that once the bond was finalized, budget adjustments would be made to the 2006-2007 fiscal year budget. She stated that the Airport Board was recommending that the hangar rental rates remain the same for 2006-2007; however, the new agreement allowed for an increase based on the consumer price index. She stated that the City Staff was preparing a cost analysis to determine the best action for managing the Airport with a FBO or City personnel. City Manager Garza stated that the Airport Board was discussing if a part-time manager and two part-time staff would be needed. He said that Pioneer Aviation had indicated they would work with the City if they decided to terminate the agreement with the City. He stated that the fuel sales were estimated at \$20,000 yearly. He stated that a hangar currently being subleased by the FBO could generate an additional \$3,000 - \$4,000 in revenues per year.

After reviewing the draft proposed budget as presented, the City Council held a discussion. Councilmember Domingo Montalvo, Jr. made a motion to direct the City Staff to allocate the Chamber of Commerce an additional \$2,500, with the total allocation of \$26,000 for 2006-2007 fiscal year. Councilmember V. L. Wiley, Jr. seconded the motion. Councilmembers Domingo Montalvo, Jr. V. L. Wiley, Jr., and Don Mueller and Mayor Bryce D. Kocian voted for the motion. Councilmembers Ken Freese, David Samuelson, and Ray Linseisen voted against the motion. The motion carried.

Councilmember David Samuelson stated that the Chamber of Commerce contract should be amended for additional funds in the amount not to exceed \$5,000.00. No action was taken.

The fourth item on the agenda was adjournment. Councilmember Ken Freese made the motion to adjourn. Councilmember Don Mueller seconded the motion. All voted in favor.

The meeting adjourned at 9:58 p.m.

CITY OF WHARTON, TEXAS

By: _____
BRYCE D. KOCIAN
Mayor

ATTEST:

LISA STAVENA
City Secretary