

City of Natalia, Texas
Special City Council Meeting
Budget Workshop
August 18, 2014 at 6:00pm
Minutes

1) Call to Order:

Mayor Ruby Vera - Present

Alderman Tommy Ortiz - Absent

Alderman Ruben Juarez - Absent

Alderman Sam Bluemel – Present

Alderman Sam Smith - Present

Alderman Mike Fernandez – Present

Mayor Vera announced that Alderman Juarez will be a few minutes late, and called the special city council meeting to order at 6:00 pm.

Alderman Ruben Juarez arrived at 6:30pm.

Alderman Tommy Ortiz arrived at 6:50pm.

2) **Presentation/Discussion of the Proposed Fiscal Year 2014-2015 General and Utility Fund Budgets.**

Discussions: City Administrator Hernandez presented the proposed budgets for fiscal year beginning October 1, 2014 and ending September 30, 2015 to the Mayor and City Council for review, discussions and changes. Hernandez explained that Fiscal Year 2013-2014 adopted budgets revenues did not meet the expenses budget, and reallocations were prepared to amend the financial projections; and because of the short-fall of revenue the goal for the proposed fiscal year 2014/15 budgets were to operate conservatively based on necessity, to establish a steady financial position to buildup reserve funds. The General Fund budget does not project for any projects but will payoff IRS debt, reduce the bonded 2009 Series debt and the capital debt for the CopSync purchase. The budget is proposing that the 2014 tax rate be set at \$0.8752/\$100 which exceeds the effective tax rate by 5.55% but is \$0.0754cents lower than 2013 tax rate, and at the proposed rate taxpayers will pay \$75.40less than last year. The proposed general fund budget is currently showing an elections expense of \$10,000, but as of 5:00pm today, August 18th, candidates are unopposed and that election expense will be removed to provide a balanced budget. The general fund revenues also increased by \$194 to account for the full amount due from NISD for the SRO, for a bottom revenue line of \$599,487, and will increase the police department's office supply expense line item by the same amount to make for a balanced budget. The Utility Fund budget considered renegotiating the waste collection services to extend to five years to avoid a 2.8% cost of operations increase, removal of daily sludge roll-off charges, and to begin commercial front-load billing. The utility fund budget also proposes a capital purchase of one utility vehicle and a new backhoe to replace existing and exhausted equipment. The Utility Fund will reflect a garbage revenue adjustment to \$90,000 and will make necessary adjustments to the expenditures to have a balanced revenue and expenditures budget of \$555,700.

The budgets support a 2% cost of living salary increase and 100% medical insurance coverage for all full-time employees; the medical plan will increase by \$40 per month per employee but no changes were made to the dental, vision, or life. Part-time employee hours were reduced from 40 hours to 20 hours per pay period; and because the animal controls position was not a budgeted expense for fiscal year 2013-14, the proposed budget excludes this salary to eliminate the

position. City Administrator Hernandez mentioned that the Proposed Budgets will be readily filed by the close of business on August 22, 2014.

Motion: No Action.

3) Discussion/Consider Action on the Proposed Utility Rate Increases.

Discussions: City Administrator Hernandez explained the utility fund budget suggests a supportive increase in utility rates for water and wastewater, for both residential and commercial. In review of the TML 2014 Rates Survey, the City was significantly below average for both residential and commercial fees for the average consumption. The residential increases raise the base water and wastewater rates by \$1.00 each. The commercial increases raise the base water and wastewater rates by \$1.00 each, and the consumption rates by \$0.03cents for every tier per every 1,000 gallons.

Motion: No Action.

Mayor Vera requests Council to postpone discussions of this Special City Council Meeting until after the Regular Meeting session is adjourned. City Council accepted, and meeting suspended at 6:55pm.

City Council to reconvened discussions of this Special City Council Meeting at 8:50pm.

Item No. 3 was discussed and action was taken during the regular city council meeting approving the utility rate structure and establishing commercial garbage service rates; see August 18, 2014 7pm Regular Meeting Minutes for motion.

4) Discussion/Consider Action on the Proposed Fiscal Year 2014-2015 General and Utility Fund Budgets, and setting of a date, time and place for the public hearings on the proposed budgets.

Discussions: City Administrator Hernandez explained that several calendars have been released to Council of suggested dates and times. Alderman Fernandez mentioned that he will not be available on the September 11th suggested date. City Administrator Hernandez stated that the meetings will require four members to be present, and the meeting can continue with only having one member absent, and asked if any other members had conflicts with the calendar.

Motion: Alderman Fernandez made the motion accepting the Proposed Fiscal Year 2014-15 Budget changes and expected filing date, and set the public hearing dates for September 4th and 11th at 7pm at the City Hall Council Chambers. Alderman Bluemel seconds the motion.

Vote: 5-0; Passed by a unanimous vote.

5) Discussion/Consider Action on setting a Proposed Tax Rate for the 2014 Tax Year, and a date, time and place for the public hearings and adoption of the tax rate.

Discussion: City Administrator Hernandez provided City Council various tax rate options at a 93% collections rate based on the 2014 Property Tax Rates and Valuations. Option 1) is the effective tax rate of \$0.8291/\$100 which will raise \$242 more than last year's budget; Option 2) is the mid-range tax rate of \$0.8522/\$100 which will raise \$7,008 more than last year's budget; and Option 3) is the rollback tax rate of \$0.8752/\$100 which will raise \$14,034 more than last year's budget. City Administrator Hernandez recommends Council set the tax rate at the rollback tax rate of \$0.8752 per \$100 valuation, as this revenue increase will support the maintenance and

operations necessary to keep the same level of services provided, and is still lower than last year's rate by \$0.0754cents/\$100, and based on \$100,000 home value taxpayers will still pay \$75.40 less in property taxes than last year.

Motion: Alderman Bluemel made the motion setting the 2014 Proposed Tax Rate at the rollback tax rate of \$0.8752 (option 3) per \$100 valuation, and setting the public hearing dates for September 4th and 11th and setting the adoption date of the proposed tax rate for September 23rd, at 7pm at the City Council Chambers. Alderman Fernandez seconds the motion.

Vote: 5-0; Passed by a unanimous vote.

6) **Adjournment.** Mayor Vera adjourned the meeting at 9:10pm.

Passed and Approved this 23rd day of September, 2014.

Ruberta C. Vera, Mayor

Attest:

Lisa S. Hernandez,
City Administrator/Secretary