



Expanding Horizons

CITY OF CONVERSE
CITY ADMINISTRATION

403 S. Seguin
Converse, Texas 78109
(210) 658-5356
Fax: 659-0964
www.conversetx.net

**MINUTES
CITY OF CONVERSE
SPECIAL CALLED MEETING
SEPTEMBER 11, 2012**

Be it known that the City Council of the City of Converse met for a regular meeting at the City Council Chambers at 402 South Seguin Street on Tuesday, September 11, 2012 at 7:00 PM. A quorum of the following commissions may have been present: Beautification & Environmental, Building & Standards, Economic Development Corporation, Park & Recreation and Planning & Zoning.

1. CALL TO ORDER.

Mayor Suarez called the meeting to order at 7:00 PM.

2. ROLL CALL AND RECOGNITION OF VISITORS.

Mayor Al Suarez
Councilwoman Kathy Richel, Place 1
Councilman Randy Pannell, Place 4

Councilman Andy Selko, Place 3
Councilwoman Laura Beehler, Place 5
Councilman Steve Brown, Place 6

Staff present:
City Manager Shawna Dowell
City Attorney Ray Ortiz
EDC Executive Director Kate Silvas

Assistant City Manager John Quintanilla
City Secretary Jackie Gaines
Assistant Police Chief Rex Rheiner
Finance Director Le Ann Piatt

3. CITIZENS TO BE HEARD:

This time is provided for Citizens to address City Council on any issues and concerns. No City Council discussion or action can be taken if the item is not on the Agenda. Please limit your remarks to three (3) minutes and state your name and address for the record.

None.

4. PUBLIC HEARING.

A. Public Hearing on the Proposed FY 2012/2013 Budget for the City of Converse.

Mayor Suarez opened the Public Hearing at 7:01 PM.

Ms. Dowell gave a presentation on the proposed budget FY 2012-13 that included an all funds summary.

FUND	PROJECTED BEGINNING FUND BALANCE	ENDING FUND BALANCE
General Fund	\$(97,507)	\$173,335
Debt Service Fund	-	-
Municipal Court Technology Fund	\$50,906	\$50,906
Municipal court Security Fund	\$62,716	\$65,716
PEG Fund	\$40,000	\$40,000
Capital Projects Fund	\$782,448	\$472,267
EDC	\$1,087,734	\$1,243,201
Public Facility Corporation	\$250,956	\$250,946
Housing Finance Corporation	\$119,768	\$119,768
Water and Sewer System Fund	\$1,762,235	\$1,843,569
TOTAL	\$4,059,256	\$4,259,718

The summary also included revenues, expenditures, and revenues over (under) expenditures, other financing sources and net change. The calculations based on use of Tax Rate of 0.596675—the original rate was based on use of Rollback Tax Rate of 0.626675, and was posted in the Herald Newspapers prior to the adjustment. The Capital Outlay includes 2 police cars and items related to the 2011 tax note.

General Fund-balanced budget and surplus of \$173,335:

- Based on adoption of \$0.596675 tax rate
- Eliminates 13 vacant positions
- Zeros out negative ending fund balance from FY 2010/11 (\$97K)
- Allows for up to 3% salary increase
- Provides for 2 police cars

Utility Fund-balanced budget and surplus of \$81,334:

- Eliminates 6 vacant positions
- Includes \$0.21 per 1,000 gallons increase to water rates
- Increase in water and sewer impact fees
- Includes a debt insurance of \$2.1M for city-wide radio read water meter replacement
- Allows for up to 3% salary increases with use of ending fund balance

Salary increase and additions to fund balance by fund were detailed on a scale of 2%, 2.5%, 3% and 4%.

Ms. Silvas gave a proposed operating budget for the Economic Development Corporation FY 2013. The presentation outlined revenues, expenditures, fund balance, use of EDC and the next steps.

Revenues-	FY 2011 actual total	\$767,378
	FY 2012 revised budget total	\$907,278
	FY 2012 estimated	\$805,084
	FY 2013 proposed	\$896,886
Expenses-	FY 2011 actual total	\$872,532
	FY 2012 revised budget total	\$816,461
	FY 2012 estimated	\$407,180
	FY 2013 proposed	\$743,519

Proposed FY 2013 highlights, use of type B EDC funds and a timeline were presented.

-Ms. Lindgren-Liberty View-asked Council to approve the \$.626675 tax rate. Is tired of hearing an up to 3% salary increase and said we need to increase the fund balance.

-Jeff Beehler-Norris Drive E-if we raise the tax rate to \$.59, we will be treading water and the city will be broke next year. With the employees current rate of pay, giving the employees a 1-3% raise would be an insult to them. Asked Council to raise the tax rate to \$.60 or \$.61. Show these employees that they are appreciated for what they are doing.

-Dr. Mary Riley-Avenue D-Compared the tax rate of 0.59665 for a fund balance of \$173,335 to 0.626675 for a fund balance of \$410,818. If we go to the lower rate, this will be coming back to Council each year. Asked Council to go to a higher tax rate and repair the streets.

-Deborah James- Copperside-agrees that the City needs a tax rate and asked the Council to give the employees a raise.

Mayor Suarez closed the Public Hearing at 7:25 PM.

5. NEW BUSINESS:

A. Discussion and Appropriate Action on a Request To Approve City of Converse Ordinance #108; An Ordinance Providing Funds for the Fiscal Year Beginning October 1, 2012 and Ending September 30, 2013, by Approving and Setting Aside the Necessary Funds Out of the General Fund and Other Revenues of the City of Converse for Fiscal Year 2012-2013 for the Maintenance and Operations of the Various Departments, Capital Projects, Payments to Debt Service and for Various Activities and Improvements to the City. (First Reading) (City Manager)

Ms. Dowell discussed the funds summery report which was developed on the 0.596675 tax rate. Achieved with this budget is an up to 3% salary increase and a substantial increase to the fund balance of \$173,335 and provides 2 police cars. Next year, we will be looking at very challenging times with regards to our tax rate. This budget is the best that we can present at this time; it allows us to try to keep our quality personnel intact by giving increases, it allows us to keep the primary services we are accustomed to like fire and police at a minimum manning level and with vehicles that run. It severely cuts into the streets and 6 street positions. It severely cuts into our water department of 6 positions. There is some give and take; we have balanced the budget but on the backs of two divisions. We made the cuts this year, and can make cuts next year but not in the same manner.

Mayor Suarez thanked Mr. Dowell for her time and staff's time for working on the budget and commented on three projects and made the following suggestions:

-Was able to secure alternative water resources

-Streets heavily impacted and projects are on hold. We will be working with the MPO on a shared cost project on Loop 1604 in the upcoming years.

-The third problem is employee compensation. The Council in 2010, ordered a compensation study and has received the results of the study. Proposed removing the merit increase for now until we get all the employees up to the results of the study and give an increase across the board to all the employees. Implement the raise as soon as possible. Knowing that budgets are estimates and looking back the last six years, the City has received significant sales tax increases and proposed revisiting salary compensation at the mid-year budget review to see if we can get the employees one step closer to the pay study.

Ms. Dowell stated that this year we had an excessive amount of budget amendments and asked the Council to anticipate the same this year. We will be moving funds around as we see the errors occur until we get fully implemented into the new system. The road improvement plans need to be assessed once we receive funding for the projects.

Councilman Brown and Ms. Dowell discussed the purchase of a water truck and the road improvement projects. There might be funds available this year for a used water truck located at the Federal Surplus Yard.

Mayor Suarez asked what the budget balance is this year; did we go into the negative? Ms. Dowell replied that we ended the year in the positive, but the cash balance went into the negative by \$97,000. We will first address zeroing out the \$97,000 and add \$173,335 to the general fund balance. We basically contributed \$207,000 to this coming year fund balance. Mayor Suarez confirmed the \$173,000 can be used on budget amendments and at the mid-year budget review; we can use the sales tax for an additional 1%-2% salary increase.

Councilman Selko suggested implementing the salary increase as soon as possible. The budget is based on tax revenues but the way the economy has been, it is shaky at best to base a budget on the revenue. The tax rate of 0.596675 is too low and 0.626675 is too high and recommends a compromise of 0.60 or 0.61. Also recommended raising the employees' salaries 4% and still have money in the bank. This will insure all the departments can provide services to the city and we may be able to have employees to stay or can entice employment.

Councilman Pannell said agrees with the comprise to a 4% salary increase and is willing to go to the 0.60 or 0.61 tax rate in order for the employees to get the 4% pay raise or will vote on the 0.59 % tax increase if the employees do not get the tax increase.

Mayor Suarez asked Ms. Dowell if the tax rate is set at 0.60, can we make the 4% salary increase or is we reduce the road projects, can we make the 4%?

Ms. Dowell replied that we have already cut the road projects. Some important information to know before giving the 4% increase is that salaries are a permanent fixed expense. Next year, we know the I&S rate is going up. If you utilize a .60 tax rate this year for a fixed cost, you will raise the tax rate even higher the next year. Ms. Dowell referenced slide 5 of the tax rate presentation, which read, If the City adopts the same tax rate as the prior year and the I&S (debt services) rate increases, then the M&O (operations) portion of the tax rate must decrease.

Councilwoman Richel asked Ms. Dowell if we raised taxes to 0.60 and give a 3% raise, can we afford to go back next year and give a 1% merit increase. Ms. Dowell said that if you raise the taxes 0.60, you need to have a purpose for doing so. The wise thing to do is to look at a mid-year adjustment and base it on sales tax or if you do adopt a 0.60 sales tax, you can set some of that aside in the general fund incase the sales tax does not come in.

Councilwoman Beehler said that she will not mind increasing the tax rate each year in order to give raises because we, as citizens, for the last seven years, have enjoyed the same tax rate and lowered tax rate at the expense of the city and the employees, and we cannot continue doing that. Do we have an emergency fund that does not dip into the fund balance? Ms. Dowell addressed the utility fund that has two main line items that can only be sued on water acquisitions and water impact fees. We are adding \$173,000 to the general fund balance but we do not have an emergency fund established. The debt has already been issued for the P25 compliance, the fire truck and the 2011 tax note.

Councilwoman Beehler made a motion to approve the ordinance as written. Councilman Pannell seconded the motion. The motion passed unanimously.

B. Discussion and Appropriate Action on a Request to Approve a Tax Rate for FY 2012-2013 of \$0.596675 per \$100 of taxable value that will result in a 4.14 Percent Tax Increase. (First Reading) (City Manager)

Ms. Dowell gave a presentation on the tax rate that included 11 years of property valuations.

Tax rate analysis:

- Certified tax base for 2012/13-\$791,607,342
- Net tax base increase-\$1,499,043
- New property value added to tax base-\$19,760,011
- Last year's tax rate-\$0.572931
- FY 2013 effective tax rate-\$0.571366
- FY 2013 rollback tax rate levy-\$0.626675
- Proposed tax rate-\$0.596675

* Originally presented as 0.626675

Observations on an 11 year summary of tax rates and 6 year housing starts were reviewed.

City Council Special Call Meeting September 11, 2012

Councilman Selko made a motion to approve a 0.606675 property tax rate increase, keep merit increase of 3%, and a guarantee of a mid-year review based on sales tax revenue, but not a guarantee of an increase based on sales tax revenue. Councilman Pannell seconded the motion and asked for a roll-call vote.

Councilman Pannell-yes
Councilwoman Beehler-yes
Councilman Brown-yes
Councilman Selko-yes
Councilwoman Richel-yes
Mayor Suarez-yes

The motion passes unanimously.

C. Discussion and Appropriate Action on a Request to Approve City of Converse Ordinance #201-2012; An Ordinance of the City of Converse Levying the Ad Valorem Taxes for the 2012-2013 Fiscal Year at a Rate of \$0.510781 Per \$100 Assessed Valuation on All Taxable Property Within the Corporate Limits of the City of Converse as of January 1, 2013, to Provide Revenue for the Maintenance and Operations Needs for the 2012-2013 Fiscal Year. (First Reading) (City Manager)

Councilman Selko made a motion to approve Ordinance #201-2012 as amended to reflect \$0.520781 per \$100 assessed valuation. Councilwoman Richel seconded the motion. The motion passed unanimously.

D. Discussion and Appropriate Action on a Request to Approve City of Converse Ordinance #201A-2012; An Ordinance of the City of Converse Levying the Ad Valorem Taxes for the 2012-2013 Fiscal Year at a Rate of \$0.085894 Per \$100 Assessed Valuation on All Taxable Property Within the Corporate Limits of the City of Converse as of January 1, 2013, to Provide Revenue for the Debt Service Needs for the 2012-2013 Fiscal Year. (First Reading) (City Manager)

Councilman Pannell made a motion to approve Ordinance #201A-2012 as written. Councilwoman Beehler seconded the motion. The motion passed unanimously.

6. ADJOURNMENT.

Mayor Suarez adjourned the meeting at 8:46 PM.

PASSED AND APPROVED this 18th day of September, 2012



Mayor Al Suarez

ATTEST:

Jackie Gaines
City Secretary